



Matching Your Right Financial Opportunities

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Vision

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

Mission

Clients and Intermediaries

Expand business issuers and investor base by satisfying their financial needs and strengthening intermediaries 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 culture that aims at achieving excellence in matching the right financial opportunities for business and investors

Message from the Chairman



In 2012, a number of external uncertainties caused by global economic fragility, particularly in the United States and Eurozone, negatively impacted the Thai capital market. Still, 2012 was a year of great achievements for The Stock Exchange of Thailand (SET) bourse, with record highs in several fronts: The exchange's main (SET) index rose to a new 17-year high, the biggest percentage gainer in ASEAN. Meanwhile, SET achieved the top average daily trading turnover for the first time in the region, and SET's market capitalization set an all-time record high, surpassing the country's GDP for the first time.

In addition, the Thai capital market has been increasingly recognized by international organizations along a number of dimensions, including being upgraded to be one of the 10 countries categorized in the Advanced Emerging Market group by FTSE, and ranked number three in Asia for Corporate Governance Watch 2012, which was a result of SET's being focused on enhancing corporate governance among listed companies. Moreover, SET is ranked as one of the top markets in Southeast Asia,

with as many as 23 large-sized securities that are highly liquid and with a combined market capitalization of more than USD 1 billion and daily trading volume of at least USD 10 million—characteristics that have made SET strong and attractive to international investors.

Among major development highlights in 2012, our cooperation with business partners has created new business opportunities, with the ASEAN Trading Link connecting the Thai stock market with those of Malaysia and Singapore, enabling local securities firms to more conveniently trade foreign stocks and serving as a solid foundation for a partnership among the exchanges in ASEAN that will fortify and draw global investors to ASEAN.

We also place emphasis on partnerships both with governments and stock market peers to develop regional capital markets. Thus, we have provided the authorities of Lao PDR, Myanmar and Vietnam with training to improve the expertise of their capital market professionals, including experience-sharing and stock market business operation know-how.

Domestically, apart from promoting quality investors with financial and investment literacy training, and enhancing securities professionals in terms of expertise and adhering to a rigorous code of ethics, SET also strived to consistently improve listed companies' corporate governance (CG) standards and practices in preparing for the ASEAN Economic Community inception in 2015. In 2012, **we modernized the CG principles of Thai listed firms along the lines of the ASEAN CG Scorecard**, for assessing and ranking the CG of ASEAN listed companies. We also promoted understanding on corporate social responsibility (CSR) among listed firms by providing them handbooks on **CSR and sustainability reports**, including facilitating many workshops and seminars to share experiences and give in-depth advice for individual companies for writing these reports in accordance with international standards.

SET has continually upgraded its own CG to be an exemplary model in this respect. In 2012, SET improved its CG policy by focusing on treating stakeholders with fairness and transparency in line with international CG principles. Thus, **SET achieved a score of “Excellent” on its CG effectiveness**, as evaluated by The Thai Institute of Directors Association (IOD), the national independent auditor of the CG of all listed companies in SET group.

Throughout 2012, SET and other parties in the capital market engaged in joint social responsibility activities to continue assisting 76 schools nationwide that had been severely damaged by the 2011 floods, under the **“Restoring Flooded Schools, Building Relationships with Communities”** project, consisting of 60 schools supported by the **“Thai Stock Market Flood Relief Fund”** and 16 schools from the “Capital Market Academy’s flood relief efforts” program, both introduced in 2011. The project seeks to supply all of the schools with multi-purpose shelters which can be education or community activity centers under normal circumstances as well as shelters from natural disasters. The project reflects the strength of the capital market and its ability to help Thai society with sustainability.

On behalf of the SET Board of Governors, I would like to extend my sincere gratitude to all public and private organizations involved, listed and member firms, investors, and our employees, who have contributed to the strength of the SET during this past year. Each has significantly contributed to the solidity and growth of our capital market and its tremendous success, allowing us to cope with challenges in the international arena and vigorously contribute to our nation’s economic success.

Message from the President



The year 2012 was a good year for the Thai stock market, both in terms of operations and record trading statistics. Daily trading turnover reached the top ranking of ASEAN for the first time, with a combined market capitalization of The Stock Exchange of Thailand (SET) and Market for Alternative Investment (mai) not only hitting an all-time high, but also surpassing the country's GDP for the first time in history, reaching 103 percent of GDP, with a market cap of THB 11.96 trillion. The SET index also surged to a new 17-year record at 1,397.19 on December 27, up 36 percent from the end of 2011 in Thai baht terms.

The Thai capital market's achievements and potential have been increasingly recognized by prominent international organizations. Among them, FTSE Group upgraded the Thai capital market to its Advanced Emerging Market category, while the country was ranked number three in Asia in the Corporate Governance Watch 2012 survey of the Asian Corporate Governance Association. This corporate governance moving up to third place continued and reinforced the upward trend of the past few years, as Thailand was eighth in 2007 and fourth in 2010. Also, MSCI added four Thai stocks in its MSCI Global Standard Indices, the highest number of stocks of any one country added in the Asia-Pacific region.

Thanks to extensive cooperation from all related parties, the Thai capital market has consistently developed and expanded, increasingly becoming the fundraising venue of choice for the public and private sectors. SET has teamed with the Office of the Securities and Exchange Commission, other government agencies, and related parties in establishing regulatory requirements for listing new types of securities, including **infrastructure funds**, which are not only alternative investment tools and new attractions of the Thai capital market, but also major fund mobilization tools for the government's mega-projects. Rules were stipulated for listing **holding companies whose core business was abroad**, particularly those in the Greater Mekong Sub-region, where the Thai capital market will play a key role in financing the area's rapid growth. For the whole of 2012, funds raised via the Thai bourse by listed companies hit a 10-year high, at THB 258.11 billion.

A wide variety of innovative futures products was consistently introduced in 2012, including USD futures and sector index futures, while the SET50 Index Futures and SET50 Index Options were enhanced to offer even more choices for investors' effective and efficient portfolio management.

With the full cooperation of securities companies and all related parties in the capital market, SET enhanced its infrastructure and operational framework, which will be the foundation for its long-term business expansion, resulting in greater competitiveness and leading towards regional leadership. Our new trading system, **SET CONNECT**, went live in September 2012, enabling SET to handle much larger trading volumes, a capacity that is 10-fold that of the previous system, with a speed and latency comparable to the world's leading equity markets. Moreover, a new trading supervision system, **SET WATCH**, and a new trading information dissemination system, **SET FEED**, have been implemented to boost the effectiveness and efficiency of SET's key operating systems in accordance with international standards. The Thai market also became increasingly internationalized, with the **ASEAN Trading Link** going live, connecting our market with those of Malaysia and Singapore, helping to promote the ASEAN capital market and its securities to be an asset class for global investors, with a combined 2,200 stocks and market capitalization of USD1.4 trillion.

SET's post-trade services also advanced consistently in 2012, implementing the approved SET's Operations Master Plan for 2012–2016 with straight-through processing being applied in all procedures, achieving higher operational efficiency to serve the needs of an increasing number of clients for domestic and cross-border transactions

SET, working closely with securities firms, commercial banks and other business partners, has continually enhanced the financial expertise of investors and the general public, as well as enabling them to access investment-related information conveniently. For the whole of 2012, more than 200,000 persons participated in such SET activities. Consequently, the number of accounts of those investing through SET, including the futures market, increased to a record high of more than 100,000 accounts. Internet trading volume in 2012 also surpassed 50 percent of total trading volume of individual investors for the first time. In addition, SET and the Association of Thai Securities Companies, one of SET's key stakeholders, joined hands in enhancing the expertise of securities personnel who play key roles in providing information for investors' decision-making.

Another example of how SET and other capital market key players continued to work closely and synergistically together to benefit the market as a whole was when SET organized **Thailand Focus 2012**, an event that drew a record high of 122 leading global investment managers from all over the world, mirroring our market's capability to attract foreign institutional investors. At least 1,065 meetings were held at this event, which 89 local listed companies and representatives from four stock markets and listed firms in Indochina also attended, marking the first time that we tied up with the Indochinese capital markets to reach international investment managers in the same event.

To further strengthen ourselves, SET promoted development of our staff's and executives' expertise and professionalism, and consistently communicated our core values to staff members, as they are key in creating success stories for our customers, both businesses and individual investors. Through our Leadership Development Program, our employees have enhanced their leadership and competitiveness in responding to rapid changes of business environment.

Looking forward to 2013, we continue to be optimistic yet prudent. SET's strategy of **"Matching your right financial opportunities"** will be implemented by sustained expansion of the retail investor base, listed company development, new product enhancement, and extension of partnerships with countries in the Greater Mekong Sub-region and ASEAN. We will continue to enhance quality of the Thai capital market with greater corporate governance and social responsibility of listed companies, securities firms and all other stakeholders in accordance with international standards. SET will continue to improve the expertise and ethical levels of securities employees, and to provide investors and the general public with the ability to sustainably develop their expertise. We aim to nurture youth through inculcating them with a culture of savings and financial management, including prudent investment, as they are the key foundation for the steady and sustainable growth of the Thai capital market and economy.

Board of Governors



1. **Sompol Kiatphaibool**
Chairman

3. **Chaipatr Srivisarvacha**
Governor

5. **Paiboon Nalinthrangkurn**
Governor

2. **Pattera Dilokrunghthirapop**
Vice Chairman

4. **Kaisri Nuengsigkapien**
Governor

6. **Rapee Sucharitakul**
Governor

ตลาดหลักทรัพย์แห่งประเทศไทย The Stock Exchange of Thailand



7. Sasitorn Phongsathorn
Governor

8. Subhak Siwaraksa
Governor

9. Suthep Peetakanont
Governor

10. Yothin Nerngchamnong
Governor

11. Charamporn Jotikasthira
President



Board of Governors

Sompol Kiatphaibool

Chairman

Education

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

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

Pattera Dilokrunthirapop

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 2012 Member, 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
- 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

Chaipatr Srivisarvacha

Governor

Education

- Lehigh University, Bachelor of Science (Metallurgy)
- Illinois Benedictine College, MBA (Finance)

Certifications

- Certification, Directors Certification Program, Thai Institute of Directors Association
- Certificate, Chairman 2000, Thai Institute of Directors Association
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

Other current positions

- Since 2013 Chairman, Derivatives Investor Protection Fund Committee, Thailand Futures Exchange PCL
- Since 2011 Independent Director, Precious Shipping PCL
- Since 2009 Executive Chairman and Chief Executive Officer, KT ZMICO Securities Co., Ltd.
- Since 2007 Executive Chairman and Chief Executive Officer, Seamico Securities PCL
- Since 1999 Director, Population & Community Development Association (PDA)
- Since 1995 Director and Secretary, The Srivisarvacha Foundation

Past experience

- 2010 – 2011 Board of Director and Chairman of the Audit Committee, Dhanarak Asset Development Co., Ltd
- 2003 – 2008 President of the Board, New International School of Thailand (Affiliated with United Nations)
- 2001 – 2007 Independent Director and Member of the Audit Committee, Thanachart Bank PCL
- 1999 Director and Executive Director, Krung Thai Bank PCL
- 1995 – 1999 Director & Head of Thailand Investment Banking, Salomon Smith Barney
- 1991 – 1995 Director, Head of Thailand Investment Banking, Swiss Bank/SBC Warburg

Kaisri Nuengsigkapien

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 2012 Chairman, Remuneration Committee, The Stock Exchange of Thailand
- Since 2010 Chairman, Audit 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 Thalung 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, Top Executive Program in Commerce and Trade, University of the Thai Chamber of Commerce
- Certificate, Thailand Insurance Leadership Program, OIC Advanced Insurance Institute
- 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 Member, Audit Committee, The Stock Exchange of Thailand
- 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

- 2009 – 2011 Director, Thai Bond Market Association
- 2010 – 2012 Director, Thai Financial Planners Association

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 Chairman, Risk Management Committee, The Stock Exchange of Thailand
- Since 2012 Principal Project Advisor, Thai Institute of Directors Association
- 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 2000 Eisenhower Exchange Fellowships

Past experience

- 2009 – 2012 Director, Thai Institute of Directors Association
- 2008 – 2011 Executive 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

Sasitorn Phongsathorn

Governor

Education

- MBA, Nortre Dame de Namur University Ca., USA
- Bachelor of Science in Chemical Technology, Chulalongkorn University, Thailand

Certifications

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

Other current positions

- Since 2012 Member, Nomination and Corporate Governance Committee, The Stock Exchange of Thailand
- Since 2009 Executive Director and President, LH Financial Group PCL
- Since 2005 Executive Director and President, Land and Houses Bank PCL
- Since 2005 Independent Director, Member of the Audit Committee, Pico (Thailand) PCL

Past experience

- 2005 Senior Executive Vice President, The Book Club Finance PCL
- 2004-2005 President, United Securities PCL
- 2000-2003 Senior Director, United Advisory Service Co.,Ltd
- 1998-1999 CFO, The Cogeneration PCL
- 1983-1998 SVP, Dhana Siam Finance and Securities Plc.

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
- Certificate, Financial Executive Seminar, Bangkok (FINEX IV)
- Certificate, The National Defence College
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

Other current positions

- 1 Feb 2013 Chairman and Director (Authorized Signatory) Sathorn Asset Management
- Since 2011 Member, Audit Committee, The Stock Exchange of Thailand
- Since 2011 Member, Listing Expansion and Development Committee, The Stock Exchange of Thailand
- Since 2009 President and Chief Executive Officer, CIMB THAI BANK PCL.

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.

Suthep Peetakanont

Governor

Education

- MBA, University of Missouri, Kansas City, USA
- BA, Chulalongkorn University, Thailand

Certifications

- Certification, Chairman 2000, Thai Institute of Directors Association
- Certification, Director Certification Program, Thai Institute of Directors Association
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

Other current positions

- Since 2012 Director, Thailand Futures Exchange PCL
- Since 2012 Member, Risk Management Committee, The Stock Exchange of Thailand
- Since 2012 Member, Disciplinary Committee, The Stock Exchange of Thailand
- Since 2011 Chairman of the Board of Directors and Chairman of the Board of Executive Directors, Capital Nomura Securities PCL

Past experience

- 2010-2011 Chairman of the Board of Directors, Acting Chairman of the Board of Executive Directors and Executive Director, Capital Nomura Securities PCL
- 2009 Honorary Chairman, Capital Nomura Securities PCL
- 2004-2005 Chairman, Federation of Thai Capital Market Organizations
- 2003-2005 Vice Chairman, The Stock Exchange of Thailand
- 2002-2005 Chairman, Association of Securities Companies

Yothin Nerngchamnong

Governor

Education

- MA (Political Science), Ramkhamhaeng University, Thailand
- BA (Political Science), Ramkhamhaeng University, Thailand

Certifications

- Certification, Directors Certification Program, Thai Institute of Directors Association
- Certificate, Top Executive Program in Commerce and Trade, University of the Thai Chamber of Commerce
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

Other current positions

- Since 2012 Chairman, Securities Investor Protection Fund Committee, The Stock Exchange of Thailand
- Since 2012 Appointed Member, State Enterprise Policy Board
- Since 2010 Associate Judge, The Central Juvenile and Family Court
- Since 2009 Member of the Audit Committee and Independent Director (Since 2004), Nation Multimedia Group PCL
- Since 2008 Chief Executive Director, Thai Plaspac PCL
- Since 1980 Executive Director, Modernform Group PCL

Past experience

- 2011 – 2012 Adviser to Minister of the Ministry of Commerce
- 1997 – 2011 Executive Director, MFEC PCL
- 1978 – 1979 General Manager, Thaiglove Co., Ltd
- 1975 – 1978 Depot Sales & Operation Manager of Foremost International

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

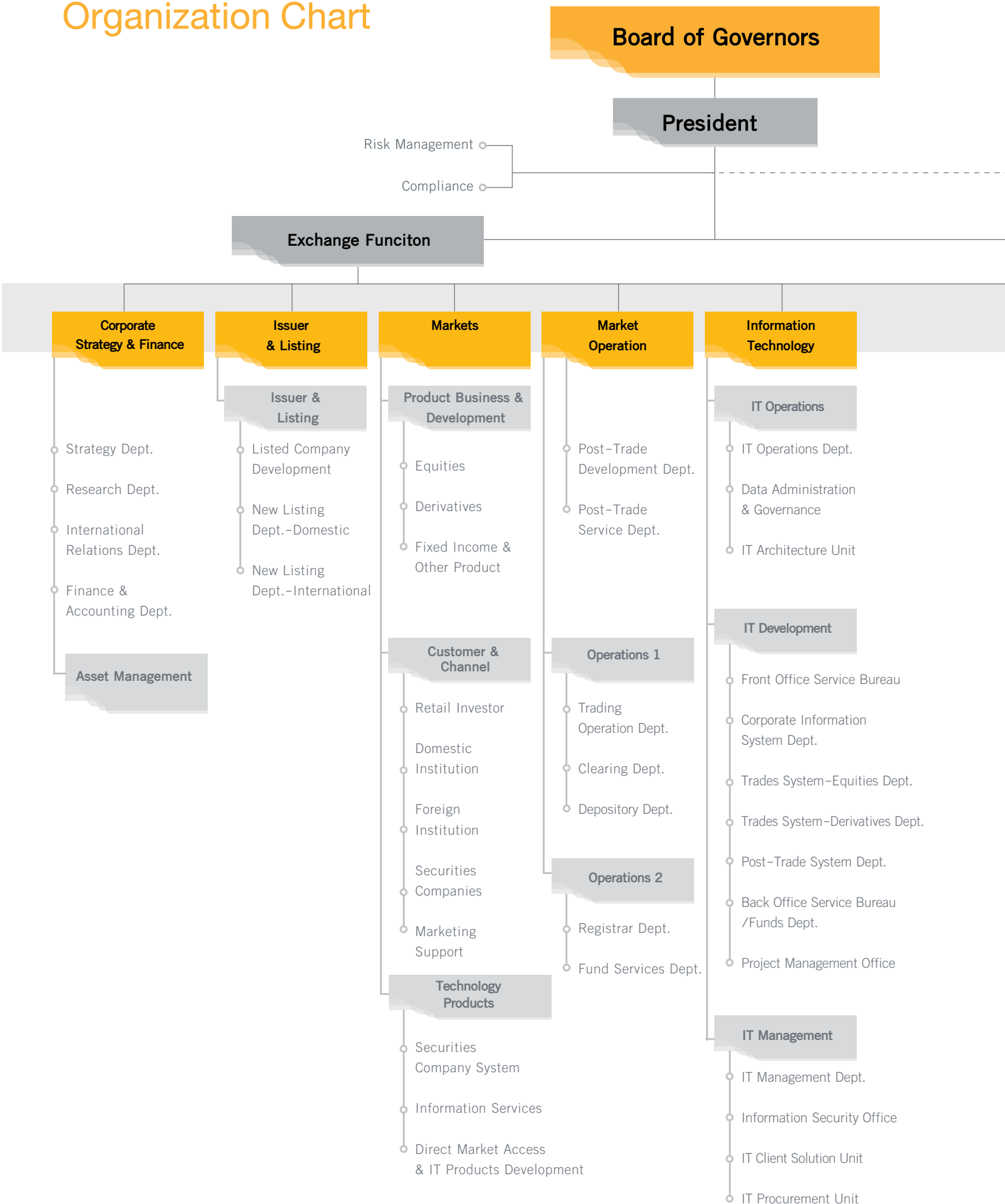
Other current positions

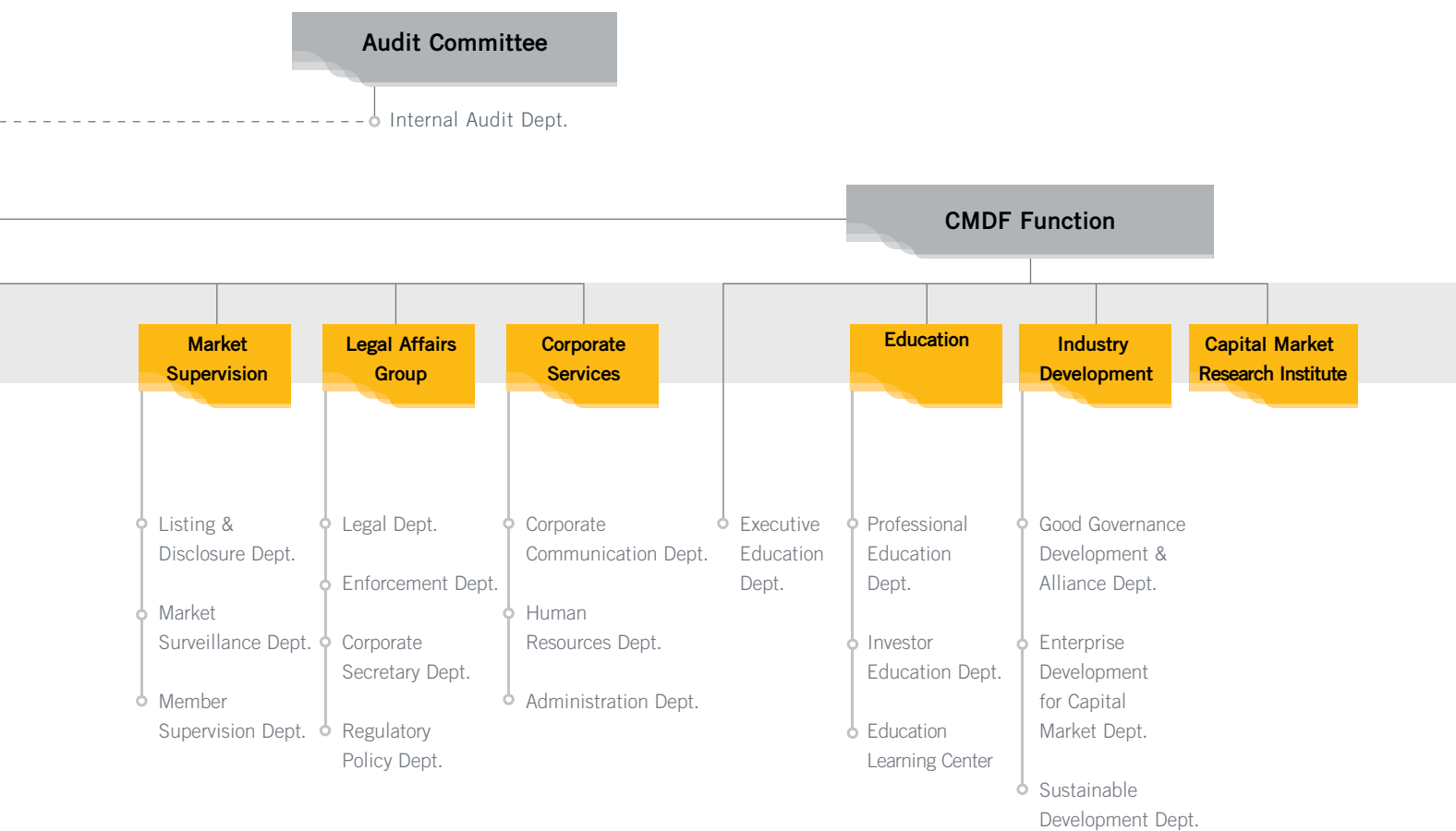
- Since 2013 Director, Corporate Social Responsibility Institute, The Stock Exchange of Thailand
- Since 2012 Board of Directors, College of Management Mahidol University (CMMU)
- Since 2011 Chairman, Electronic Transactions Development Agency (Public Organization)
- Since 2011 Member, The Financial Institutions Policy Committee, 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 2004 Director, Foundation for Research in Information Technology

Past experience

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

Organization Chart





As of January 26, 2013

SET Executives



1. Charnporn Jotikasthira

President

2. Bordin Unakul

Executive Vice President
Head of Corporate Services Division
and Executive Director Industry
Development Center

3. Chanitr Charnchainarong

Executive Vice President
Head of Issuer & Listing Division
and President-Market for
Alternative Investment (mai)

4. Kesara Manchusree

Executive Vice President
Head of Markets Division

5. Pakorn Peetathawatchai, PhD

Executive Vice President
Head of Corporate Strategy & Finance
Division and Executive Director
Capital Market Research Institute

6. Chanisa Chutipat

Senior Vice President
Head of Market Operation Division

7. Kirati Kosicharoen

Senior Vice President
Group Head Technology Products

8. Krisada Sektrakul, PhD

Director Market Education Center

9. Naree Boontharawara, PhD

Senior Vice President
Group Head Asset Management

10. Pannaporn Sapsomboon

Senior Vice President
Group Head IT Development



11. Paveena Sriphothong

Senior Vice President
Group Head Issuer & Listing

14. Thirapun Sanpakit

Senior Vice President
Group Head IT Operations

12. Sakkarin Ruamrangsri

Senior Vice President
Head of Legal Affairs Division

15. Udomwara Dechsongjarus

Senior Vice President
Group Head Operation 1

13. Supakit Jirapraditkul

Senior Vice President
Head of Market Supervision Division

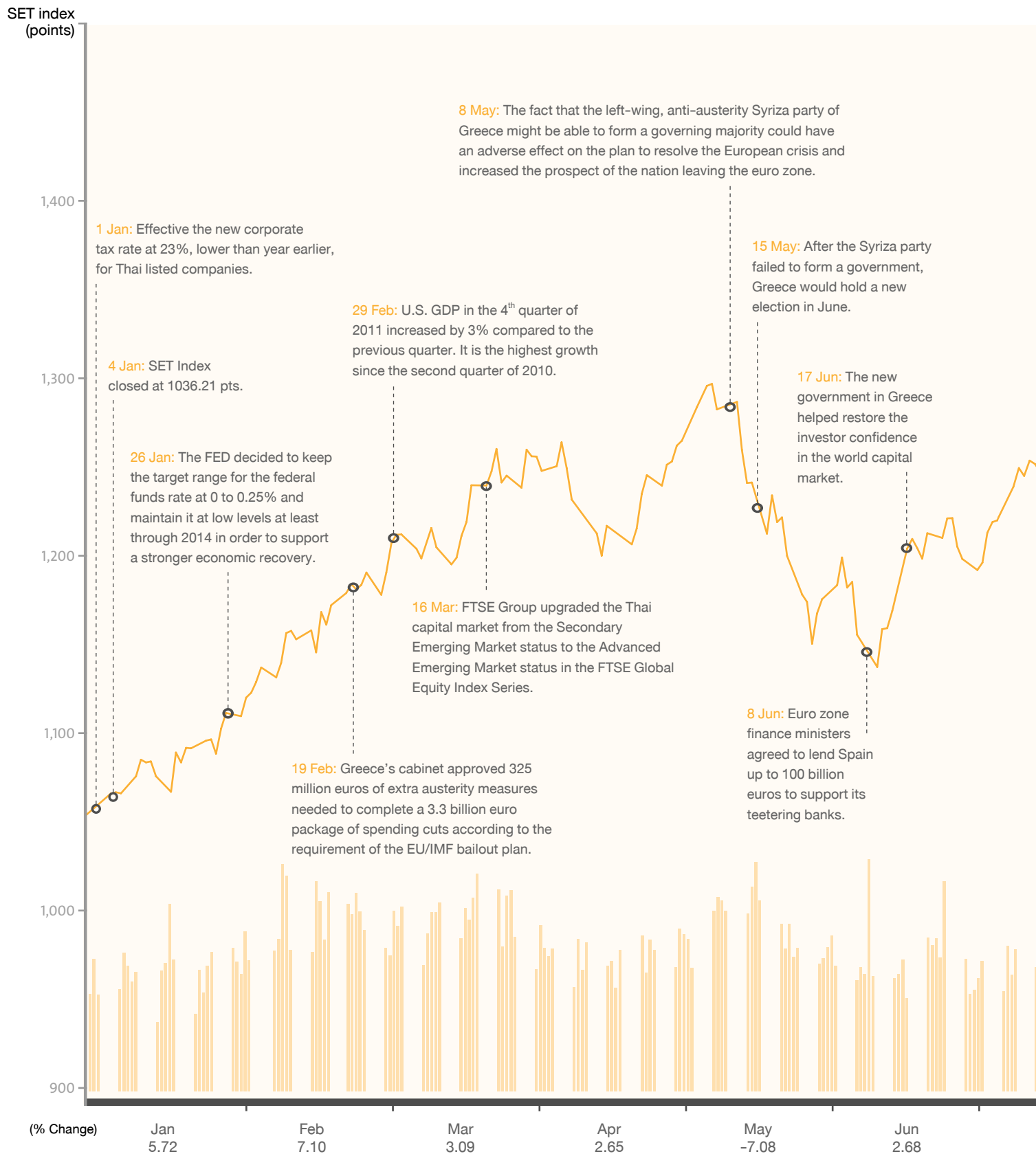
16. Yupawan Sirichainarumitr

Senior Vice President
Group Head Operations 2

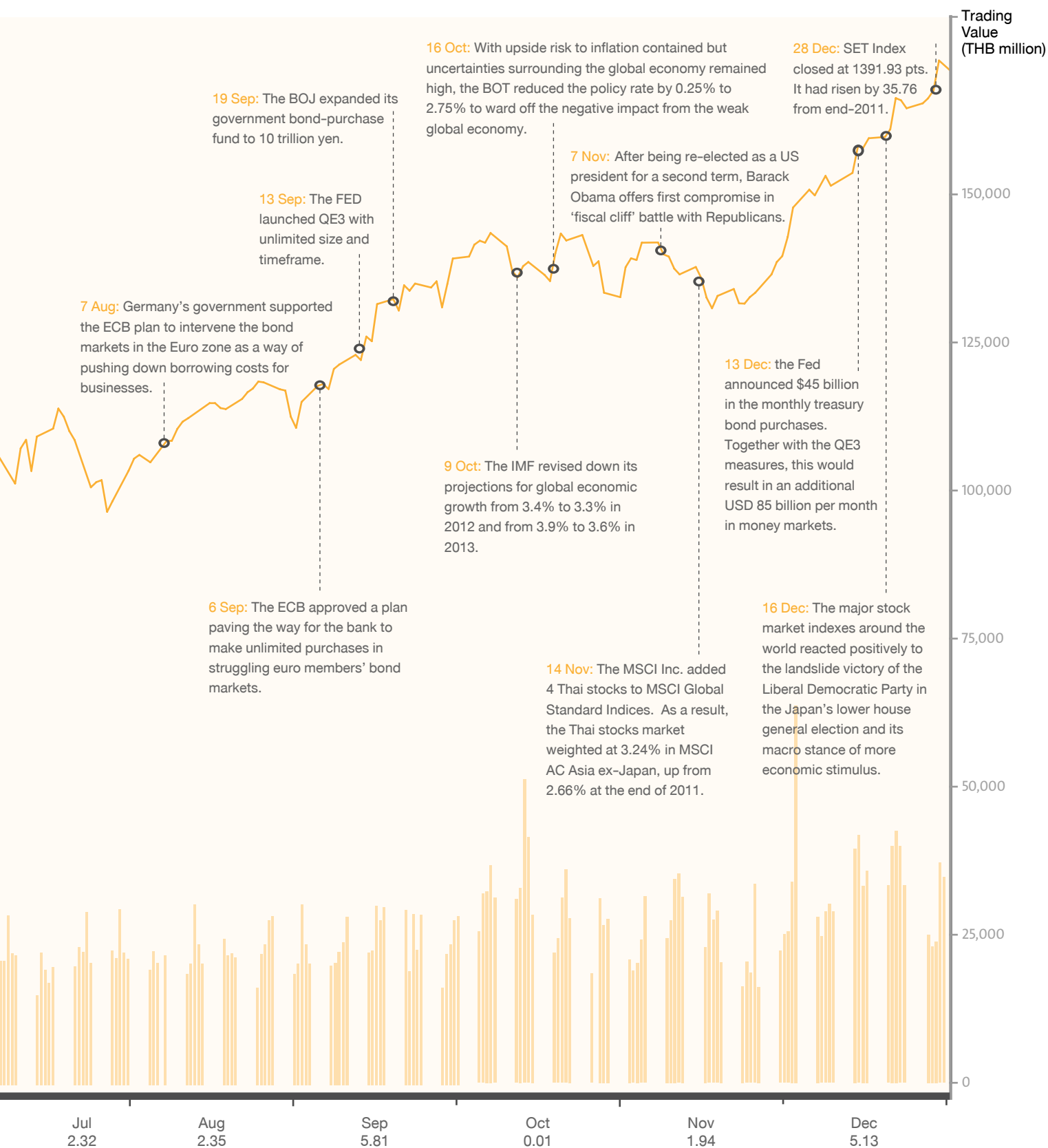


As of January 26, 2013

SET market movement 2012



Source: SETSMART



SET Group financial highlights

(In Million Baht)

	2012	2011	2010	2009	2008
Consolidated statements of revenues and expenses					
Total revenues	4,499	4,135	4,101	3,209	2,821
Operating revenues	3,365	3,245	2,639	2,112	1,923
Other income	1,134	890	1,462	1,097	898
Total expenses	2,599	2,545	2,482	2,606	2,522
Revenues over expenses, net	1,362	1,110	1,128	457	205
Consolidated statements of cashflows					
Net cash provided by (used in) operating activities	621	512	244	(49)	(213)
Net cash provided by (used in) investing activities	118	(651)	(22)	99	185
Consolidated statements of financial position					
Total current assets ¹	16,075	16,502	10,295	8,767	7,792
Long-term investments	8,315	5,329	8,296	6,090	4,723
Total assets	29,935	27,019	23,418	20,692	18,000
Total current liabilities ¹	8,596	7,494	4,988	3,884	2,820
Total liabilities	10,451	9,151	6,299	4,928	3,808
Fund balances	19,484	17,868	17,119	15,764	14,192
Key financial ratio					
Revenue growth (%)	8.80	0.83	27.80	13.75	(7.33)
Operating revenue growth (%)	3.70	22.96	24.95	9.83	6.18
Cost-to-income ratio (%)	57.77	61.55	60.52	81.21	89.40
Net profit margin ² (%)	30.27	26.84	27.51	14.24	7.27
Return on fund balance (%)	6.99	6.21	6.59	2.90	1.44
Current ratio (Times)	1.87	2.20	2.06	2.26	2.76
Debt to fund ratio (Times)	0.54	0.51	0.37	0.31	0.27
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	6,810	6,053	3,612	2,835	1,902
² Net profit margin calculated by revenues over expenses, net/total revenues					

Highlights of the Thai capital market in 2012

In 2012, the Thai capital market was supported by excess liquidity in the global capital market and the growth of Thai listed companies. The Stock Exchange of Thailand (SET) index rose 35.76% from the year earlier, becoming the best performer in Asia and reaching a 17-year high. Also in 2012, total market capitalization and the turnover of SET and the Market for Alternative Investment (mai) recorded new all-time highs.

Overview

In 2012, the world capital market was affected by economic slowdowns in the U.S., Europe and Japan, with many countries facing political changes that affected their economic policies. However, easing monetary policies applied by some central banks of major economic countries enhanced excess liquidity that benefited Thailand's capital market.

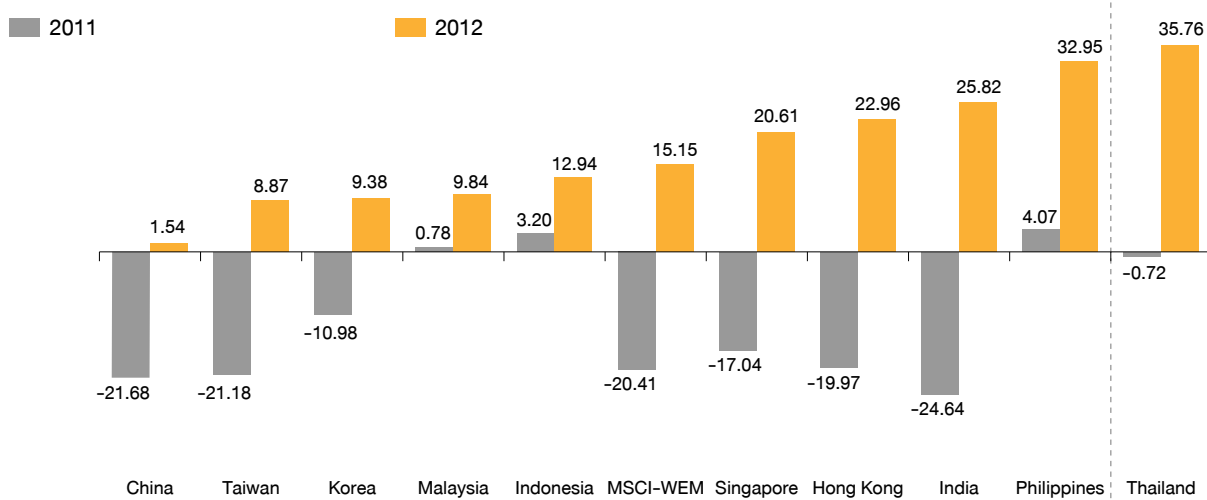
The Thai capital market has recently improved in many dimensions, and was thus upgraded from Secondary Emerging Market to Advanced Emerging Market status by FTSE in March 2012. Thai listed companies have made significant improvements in corporate governance, as shown by their overall CG score ranking rising from 8th in Asia in 2007 to 3rd out of 11 Asian countries in 2012, according to the Asian Corporate Governance Association. In addition, 4 Thai listed stocks were added as components of the MSCI Global Standard Index, and another 9 were added to the MSCI Small Cap Index. Therefore, at end-2012, 22 Thai stocks were included in the MSCI All-Country Asia (Excluding Japan) Index with 3.24% of its investment weight in Thailand, up from 2.66% in 2011.

Thai listed companies performed well in 2012, with quick recoveries from the massive floods of 2011. Their revenue and net profit continued growing in 2012.

These positive factors, and others, have benefited investment in the Thai capital market. By end-2012, the SET index had increased by 35.76% over its end-2011 level, to close at 1,391.93 points, making it the best performer in Asia for that period. In 2012, the SET index peaked at 1,397.19 points on December 27, which was its highest level since 1995, as it had bottomed out at 1,036.21 points on January 4 of that year.

Meanwhile, the Market for Alternative Investment's mai Index had risen by 57.32% over its end-2011 level, closing the year at 415.68 points. It peaked at 415.89 on December 27 and had bottomed out at 266.91 points on January 4 of that year.

Indices performance of Asian exchanges



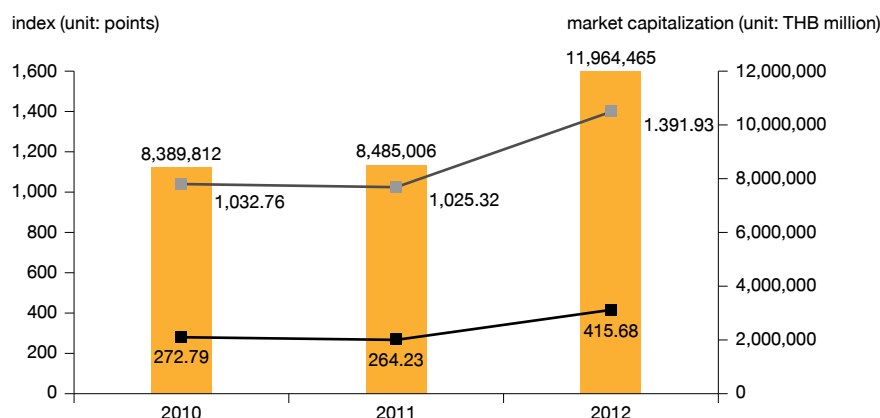
Source: Bloomberg

At end-2012, the market capitalization of SET and mai recorded new all-time highs. SET's market capitalization was THB11.83 trillion (approx. USD417.16 billion), up by 40.72% y-o-y. Likewise, mai's market capitalization was THB133,017 million (approx. USD5,788.12 million), rising by 72.06% y-o-y.

Index and market capitalization (SET & mai)

■ Total market capitalization (RHS)
—■ SET index
—■ mai index

Source: SETSMART



SET's dividend yield was relatively high when compared to other regional markets, reaching 3.19% at end-2012 and ranking third in the region, while mai's dividend yield was 1.72%. SET's forward price to earnings ratio (forward P/E ratio) stood at 15.46 times, an increase from 12.42 times at end-2011, while mai's forward P/E ratio stood at 16.58 times, up from 9.40 times at end-2011.

Trading activity

In 2012, the average daily turnover of the SET and mai, THB32,304 million (approx. USD1,054.76 million), recorded an all-time high and was the highest in the ASEAN region. The turnover increased by 9.61% y-o-y in contrast to the decline in other major exchanges in ASEAN. This reflects the Thai capital market's success in attracting investors by following the development plans implemented during the past four years.

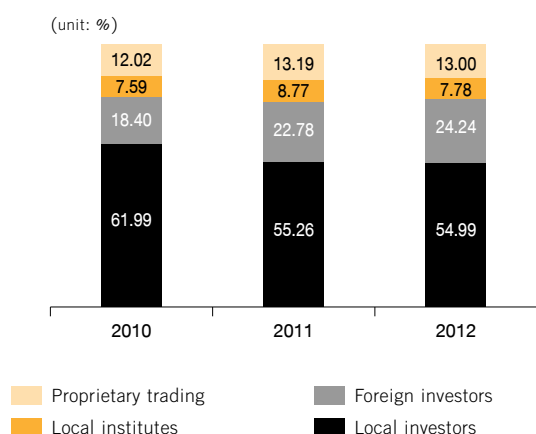
Trading value in 2010 – 2012

Trading value (unit: THB million)	2012	2011	2010
Trading value of SET	7,615,638	7,040,458	6,937,890
Trading value of mai	298,929	151,023	96,058
Total trading value	7,914,567	7,191,481	7,033,947
Average trading value	32,304	29,473	29,066
Change (unit: %)	9.61	1.40	59.47

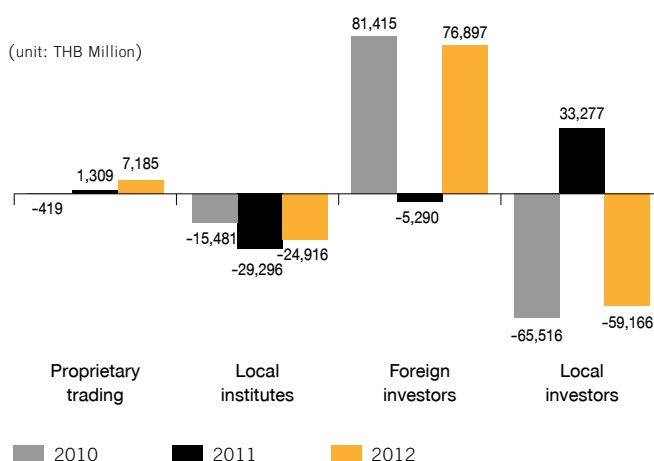
Source: SET

In terms of the trading value by investor type, in 2012, domestic retail investors were again the most active group, representing 54.99% of total trading value, a slight decrease from 55.26% in 2011, and were net sellers of THB59,166 million (approx. USD1,931.82 million). Meanwhile, foreign investors continued to increase their role, accounting for 24.24% of total trading value, up slightly from 22.78% in 2011, and were net buyers of THB76,897 million (approx. USD2,510.76 million) -- a reversal of their being net sellers of THB5,290 million in 2011.

Trading value (SET & mai) by customer type in 2010 - 2012

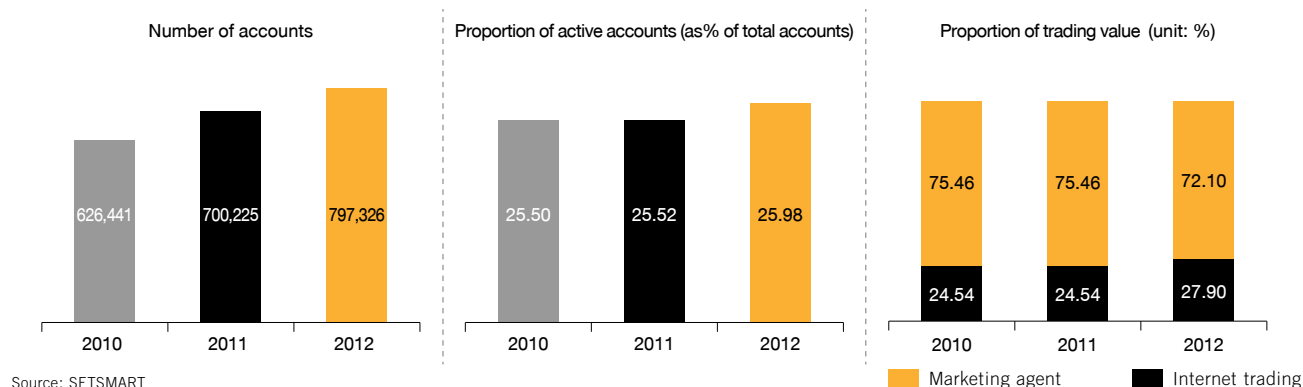


Net position (SET & mai) by customer type in 2010 - 2012



As at end-December 2012, the number of securities accounts continuously increased by 13.87% y-o-y to 797,326 accounts. The 2012 growth rate of 13.87% was higher than the average growth rate during 2010 - 2011 of 11.68%, mainly due to strategic alliances with banks and brokers to expand the investor base. The active securities account in 2012 was 25.98% of total securities accounts, higher than the active rate of 25.52% in 2011. As for the internet trading in 2012, it gained more interest from investors. The internet trading value in 2012 was 27.90% of total trading value, as compared to 24.54% in 2011. Moreover, the number of internet accounts as of December 2012 increased by 29.59% y-o-y to 446,870 accounts.

Total trading accounts (SET & mai) in 2010 - 2012



Derivatives trading

In 2012, the Thailand Futures Exchange plc (TFEX) showed growth both in terms of trading volume and number of investors. Daily average trading was 43,823 contracts per day, up 6.51% percent y-o-y, supported by trading of single stock futures rising to 8,849 contracts per day and mini-gold futures (10 Baht Gold Futures) rising to 10,601 contracts per day. Meanwhile, the number of investors on TFEX surged to 80,893 accounts, up 28.64% y-o-y.

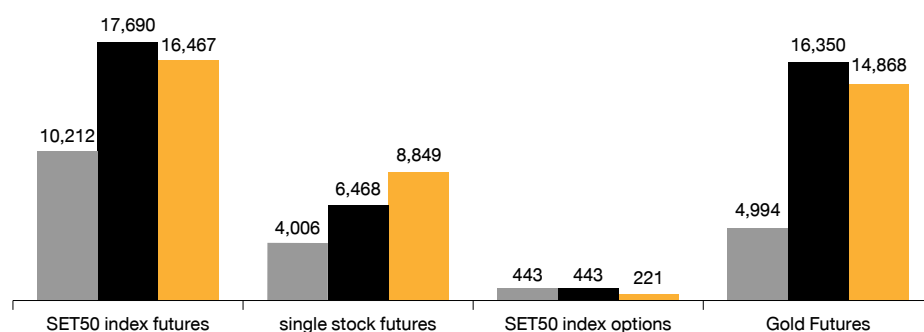
In terms of new products, in 2012, TFEX launched USD futures and sector index futures, with daily average trading volumes at 2,751 and 4 contracts, respectively.

TFEX's extended trading hours for its commodity futures continued to be very well-received by investors. In 2012, the night session accounted for 49.67% of total trading volume, up from 40.03% in 2011.

Trading volume of the TFEX

(unit: contracts)

- 2010
TFEX had daily average trading volume at 18,676 contracts
- 2011
TFEX had daily average trading volume at 41,145 contracts
- 2012
TFEX had daily average trading volume at 43,823 contracts



Remarks: 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
3. in 2012, the TFEX launched the USD Futures and Sector Index Futures in June and October respectively

Source: SETSMART

Fund-raising

In 2012, listed firms of SET and mai raised a total of THB258,108 million (approx. USD8,427.47 million), up by 207.99% y-o-y – the highest amount in the past 10 years. In the primary market, 18 firms (SET: 8; mai: 10) and 6 property funds used initial public offerings to raise a total of THB52,467 million (approx. USD1,713.49 million). In the secondary market, companies in SET and mai used secondary equity offerings to raise a combined THB205,641 million (approx. USD6,714.37 million).

Furthermore, a total of 157 companies raised funds on those two exchanges through IPOs or secondary equity offerings. This number of companies raising funds was 28.13% of total listed firms, up from 24.44% in 2011.

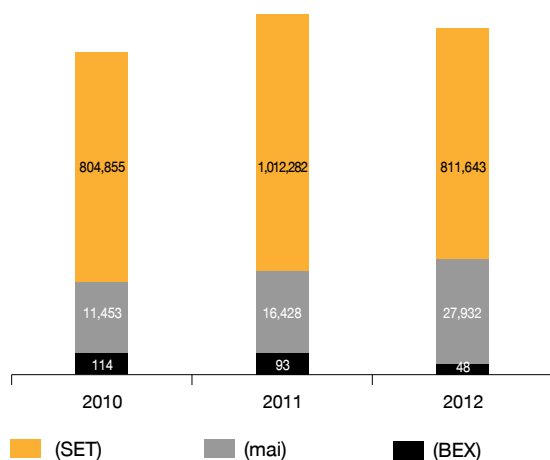
Number of companies and property funds that raised funds in 2010 – 2012

	Value (Mln.THB)			Number of companies		
	2012	2011	2010	2012	2011	2010
Primary market	52,467	18,463	12,588	24	16	15
Secondary market	205,641	64,860	77,940	133	117	111
Total	258,108	83,323	90,528	157	133	126

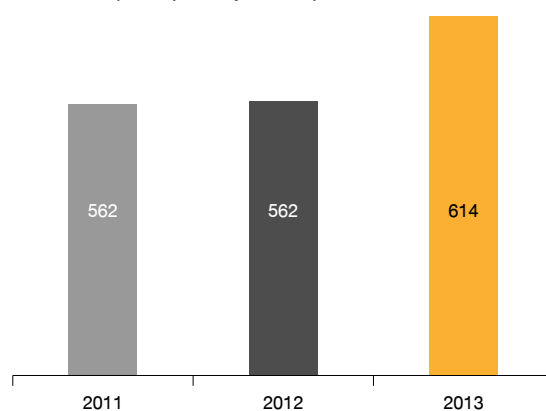
Post-trade operational review

	2012	2011	2010
Securities Depository			
Number of Depository Participants (Participants)	698	667	659
Securities Companies	37	37	38
Banks	34	33	35
Issuers	592	573	562
Others	35	24	24
Number of Securities Deposited in the Securities Depository System (Securities)			
Common Stock and Corporate Bond	1,804	1,145	1,075
Government Bond	510	453	525
Securities Clearing and Settlement			
Number of Participants in the Clearing House (Participants)			
Equity & Debt	87	87	89
Derivatives	42	42	41
Securities Registration			
Number of Companies in the Securities Registration System (Companies)	667	648	645
Number of Securities in the Securities Registration System (Securities)	1,421	1,038	815
Fund Registration			
Number of Employers	4,566	4,264	4,591
Number of Provident Fund Members	1,052,759	935,404	859,630
Fund Registration			
NVDR Turnover (Million Shares)	80,629	63,956	71,611
Value (Million Baht)	1,565,214.52	1,402,821.98	1,210,857.91
Number of Securities (Securities)	638	624	610

Total value of securities clearing and settlement (THB million)

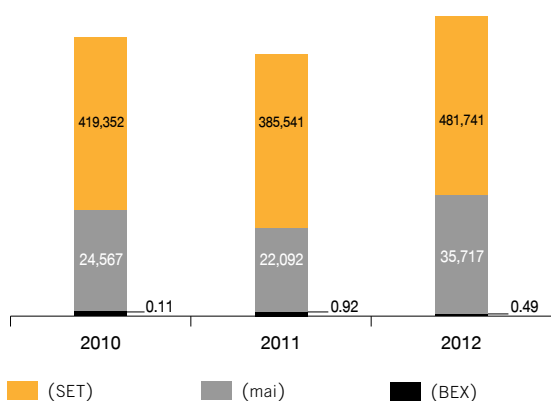


Number of Companies in Issuer Account Project (Companies)



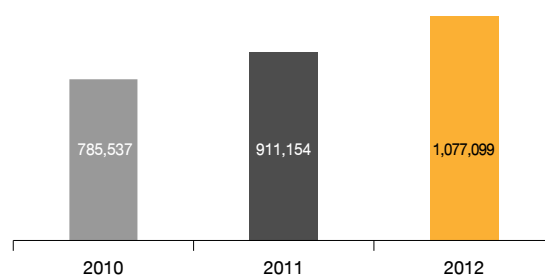
SOURCE: SETSMART

Total volume of securities clearing and settlement (million shares)

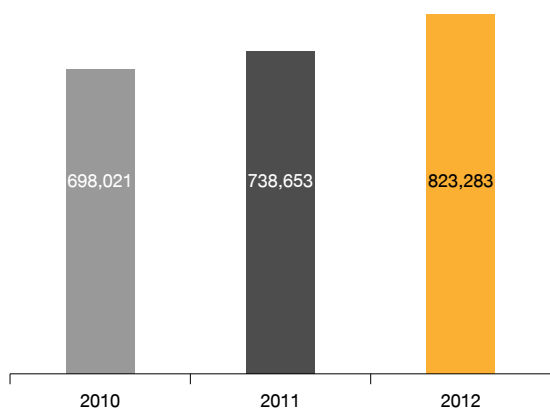


SOURCE: SETSMART

Number of investors using e-Dividend service (ID)

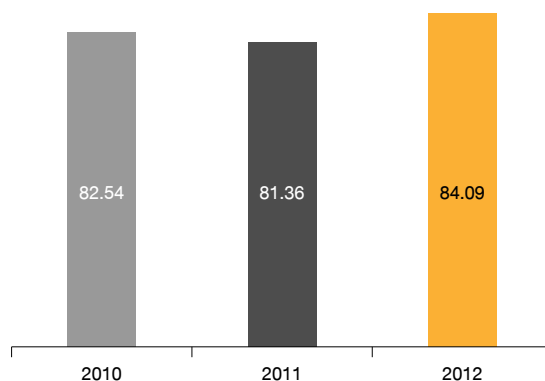


Volume of securities in the securities depository (million shares)



SOURCE: SETSMART

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



SOURCE: SETSMART

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, 2012, there were 477 companies listed on SET and 81 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, currency 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 for data vendors and investors 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.

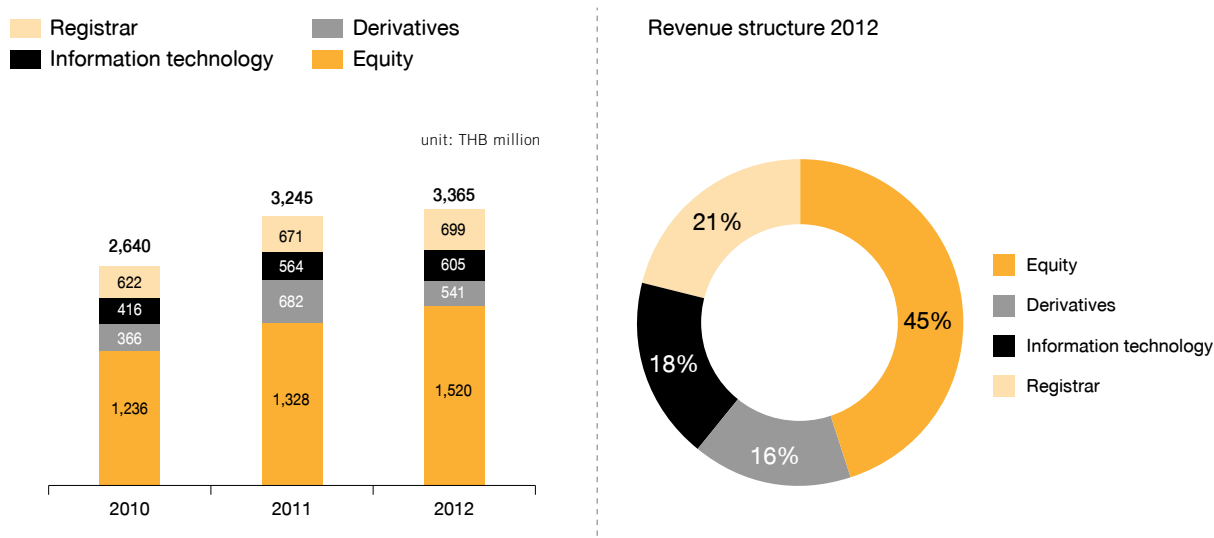
In addition to acting as a registrar for stocks, SET group also act as a registrar for provident fund of asset management firms managing the fund on behalf of employers.

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 2 aspects: (1) improving financial and investment capabilities of the Thai people, stakeholders in capital market and executives of organizations related to long-term development of capital market, and (2) promoting corporate governance (CG), investor relation (IR) and Corporate Social Responsibility (CSR) among listed companies.

In addition, SET group conducts in-depth capital market research that will lead to decision making at a policy level. SET group is also 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.

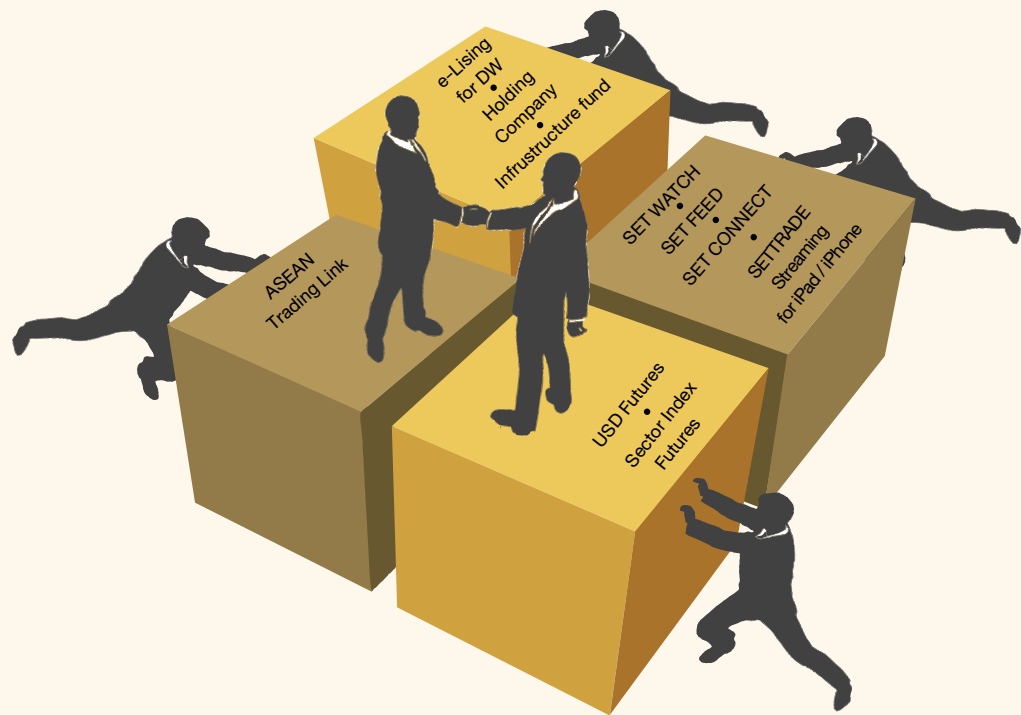
SET group aims to (1) be domestic champion by being the most preferred listing, trading, and post-trade processing venue of Thai securities, (2) become investment hub of the Greater Mekong Subregion, (3) be a key player in promoting and benefiting from ASEAN asset class, and (4) connect with global alliances 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 to meet and be flexible to limitless market demand and achieve flawless execution. They also 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.



Match optimal opportunities and serve all investment needs

Connect opportunities for businesses
while responding to investor demand

Enhance diverse products and services
as well as related infrastructure

To create continual success stories on all fronts



Major developments of The Stock Exchange of Thailand in 2012

Throughout 2012, The Stock Exchange of Thailand (SET) committed to operate proactively to continually increase the capacity of and upgrade the Thai stock market in all aspects. The SET has set out a new vision to transform itself into an economic organization **“Empowering business and investors through our strengths to match the right financial opportunities”** to prepare for international competition and regional integration. This is to strengthen the Thai capital market foundation and make it more attractive to investors from around the globe, thus serving its objective of being the first choice of Thai firms to raise funds to empower their businesses. In addition, SET aims to be the key investment option for people with savings by offering products and services that respond to their demands and create attractive financial opportunities.

In 2012, the SET prescribed key operational strategies for exchange function in five key areas, namely: **1) Empowering Businesses, 2) Empowering Investors, 3) Matching the Right Financial Opportunities, 4) Strengthening SET’s Capabilities, and 5) Strengthening Intermediaries.** For long-term capital market development, SET continually promoted the capacity of every group of market participants and created quality investors, which make up the important foundation for the Thai capital market.

Thanks to operating according to these strategies, 2012 marked the year that the SET enjoyed a high level of success in various aspects. The past year saw the elevation of the SET to a higher level in various dimensions in spite of external economic volatilities in the United States and Europe which have negatively impacted the investment atmosphere in the Thai capital market. The Thai bourse managed to outperform despite the external crisis, setting new record highs to become the most active exchange in terms of average daily trading value in ASEAN for the first time. Market capitalization hit an all-time high since SET was established, exceeding the value of the Thai GDP for the first time. The SET Index rose to its highest level in 17 years to close at 1,397.19 points on December 27, 2012, marking the biggest rise in Asia.

Key SET developments included enhancing its equities transaction infrastructure with a new trading system, **“SET CONNECT,”** offering superior transaction speed and greater capacity as well as the capability to handle new products. In addition, SET has been successfully operating the **ASEAN Trading Link** between the Thai capital market and those of Malaysia and Singapore in the middle of October 2012 to mark the beginning of cross-border execution of ASEAN securities transactions, thus enhancing the attractiveness of and increasing investment in ASEAN and Thailand.

Meanwhile, SET focuses on expanding the investor base on a continuous basis. More than 200,000 participants engaged in domestic roadshows, resulting in **an historic increase of investment accounts in SET and futures markets by more than 100,000 accounts in 2012. It is also the first year that a majority (50.67 percent) of securities transactions by value was executed electronically.**

On the improvement of SET’s efficiency and credibility, the bourse has revised the quality of its internal audit by using Continuous Auditing method and implemented Audit Software as an operational instrument.

SET’s determined effort has paid off, as it has been recognized by international institutions in various fields. The Thai capital market has been included in an Advanced Emerging Market by the FTSE Group, while Corporate Governance Watch 2012 ranked the Thai bourse as No. 3 out of 11 Asian countries, as evaluated by Asia Corporate Governance Association. Moreover, MSCI included four Thai shares in the calculation of MSCI Global Standard Indices, marking the highest number of securities added in Asia.

Exchange Function: five strategies to match the right financial opportunities for businesses and investors.

1) Empowering businesses

The SET focuses on working proactively with business partnerships in the government and private sectors to affirm SET's role as a major source for fundraising to support expansion of business groups, which is the foundation for the strength of Thai economic system.

In 2012, the SET concentrated on increasing the number of listed firms with sizable operations and high quality, streamlining regulations for fresh products and new activities to support the new forms of securities listing, such as infrastructure funds, real estate investment trusts (REITs) and Thai holding companies having core investments overseas.

SET has improved rules and regulations of listing by making them more flexible to be in line with the economic environment and achieve regional standards. For instance, SET issued listing regulations for renewable energy power plants and Thailand-based holding companies with core investments overseas to increase opportunities for such firms to mobilize funds from the Thai capital market for expansion. Also, SET issued regulations to list medium-sized companies with a market capitalization of no less than THB 5 billion based on SET's market capitalization rule. In addition, SET promoted mergers and acquisitions as a national agenda item to strengthen businesses, and actively promoted investor relations activities of listed firms to make available comprehensive, accurate and updated information for investors, further enhancing the fund mobilizing capacity of listed companies.

In 2012, eight companies conducted initial public offerings and listed on SET, while ten were listed on Market for Alternative Investment (mai), along with six real estate mutual funds. One company was listed by reverse takeover. As a result, in 2012 the stock market's size increased by THB 115.77 billion at IPO prices, the highest level in three years, ending the year with a market capitalization of THB 186.03 billion, an increase of 60.69 percent from their IPO prices.

In addition, SET has placed high importance on continually developing the positive relations with neighboring governments and stock markets to strengthen the regional capital markets, especially in the Greater Mekong Sub-region, which is enjoying economic growth with high demand for fundraising. These neighboring countries include the Lao People's Democratic Republic, Socialist Republic of Vietnam and the Republic of the Union of Myanmar. SET has signed agreements to support improving expertise in formulating and implementing rules and regulations, and promoting the development of the capital market in other ways, including its personnel, securities business professionals, investors and other participants.

The year 2012 demonstrated the important role of the Thai stock market in enhancing the capacity of businesses to raise funds based on their fair market values and to use financial instruments to add value to their operations. The stock market also supported efforts to reduce obstacles and promote mergers and acquisitions (M&A) to strengthen companies. As a result, in 2012, THB 257.94 billion was raised in the secondary market, the highest level in 10 years, by using 116 financial instruments.

The fundraising success was a result of effective strategic execution, extensive advisory meetings with management of individual companies, and cooperation with the Investment Banking Association to organize many Financial Instruments for Directors seminars, educating and encouraging firms to use a variety of financial instruments to achieve their financial goals effectively and efficiently.

SET also produced and disseminated a M&A journal to provide another alternative to success for Thai businesses, and organized seminars and other activities to educate and encourage listed firms to consider M&A and use the capital market to expand sustainably. In addition, SET encouraged listed companies to communicate more effectively with investors to make them understand the companies' businesses, strategies and expansion directions, in order to understand the firms' values. Thus, SET organized Opportunity Days for investors every quarter and has developed a web-based application to access Opportunity Day events via modern communication tools such as smartphones and tablet computers, integrating SET communications into the lifestyle of investors who want to information on listed companies conveniently and promptly. In addition, SET publishes the Stock Focus journal to publicize information about attractive securities for investors to consider.

To recognize the listed companies and business operators on the capital market which have demonstrated operational excellence in different fields, SET has presented SET Awards for the ninth year to reflect the strength and success of the business sector in the Thai capital market. This year, SET Awards of Honor were given to 11 recipients, the highest number since the award was first presented in 2010. The Awards of Honor demonstrated the success of firms in vigorously and continually developing their performance to maintain their excellence and maintain competitiveness at an international level.



2) Empowering investors

To expand the investor base, SET focused on new individual investors who have bank savings, potential investors, the new generation, and the online community by campaigning using comprehensive and integrated communication media throughout 2012. Therefore, the number of investor accounts on the stock and futures markets in 2012 rose to the historic level of more than 100,000 accounts. In addition, SET broadened the domestic institutional investor base, including for mutual, individual and provident funds. Also, for corporate investors, SET promoted derivatives such as oil and currency futures to enable companies to better manage business risk.

Market activity: Roadshows to educate investors in Bangkok and the provinces

In 2012, SET conducted marketing activities so that investors and the general public could access investment information, investment planning and new investment products on a continuous, convenient basis, including **“Invest Thailand Fair”** and **“SET in the City”**, which was organized both in Bangkok and provinces such as Phuket and Udon Thani. SET in the City has been held for eight consecutive years with the concept **“Your Investment Vision”** to open up such visions, enabling investors and others with savings to conveniently use financial instruments and investment services which are modern and comprehensive. Moreover,



SET co-organized **Money Expo** under the concept **“SET Investor City @ Money Expo”** in Bangkok and provinces such as Nakhon Ratchasima, Songkhla and Chiang Mai. In addition, SET has developed **“SET Activity”**, a web-based application to enable investors to monitor activities on the equities market. Consequently, more than 200,000 participants engaged in domestic roadshows in 2012, executing approximately 31,000 investment activities.

Promoting online investors

In 2012, SET joined forces with 27 securities companies to promote online investment via the **“I’m Online Investor”** campaign to disseminate information via various media and market activities, and to be a knowledge source for online investment via using the website www.set.or.th/onlineinvestor by developing Trade Academy information, online securities and derivatives investment manuals in form of e-books and CD-Roms, and organizing internet trading workshops every quarter.



SET has organized **Click2Win Live**, a trading simulation, for seven consecutive years by joining hands with 14 securities companies to encourage investors to experiment with online trading prior to actual execution. A total of 82,371 people applied to participate in the project, the highest number ever. In addition, securities companies later used Click2Win Live to educate and organize contests for customers in 49 leagues with 4,604 joiners. To promote online investment in futures, SET organized the **“TFEX Online Investor Fair”** for online traders. The event was successful, with more than 6,000 participants attending, of which more than 50 percent were new investors. A total of 2,577 investment activities were executed during the event.

As of the end of 2012, a total of 103,982 investors had opened online investment accounts, an increase of 43% from end-2011. Online transactions accounted for 50.67% of all market transactions by value, marking the first year in which online securities transactions of individual investors was higher than 50%.



Broadening new investor base via marketing professionals

SET and Thailand Futures Exchange pcl (TFEX) organized the “**SET Investment Consultant 2012**” and “**TFEX Investment Consultant 2012**” projects to expand the base of new investors. Twenty securities companies and more than 5,000 investment consultants, representing 80 percent of the total marketing professionals, participated in the SET Investment Consultant Star 2012. Meanwhile, 19 securities companies and gold brokers and more than 3,700 investment consultants participated in the TFEX Investment Consultant 2012.

The projects covered two aspects. First, they created incentives via prizes and awards for professionals who could broaden their investor bases and serve as exemplary models in terms of developing knowledge, skills, and professional ethics. Second, they were able to transfer their professional expertise, excelling in service development, and demonstrating exceptional quality of investment consulting. Consultants in each contest who won the highest scores received awards to visit financial markets in the United States and United Kingdom.

Targeting savers through commercial banks

SET entered into partnerships with seven commercial banks and their securities companies to organize the “**Banker to Broker**” project on a continuous basis to enhance the expertise of bank staff about wealth management in encouraging savings clients to invest in securities. Participating institutions were Bangkok Bank pcl, Bank of Ayudhya pcl, Kasikornbank pcl, Kiatnakin Bank pcl, Krung Thai Bank pcl, Thanachart Bank pcl, and Siam Commercial Bank pcl and their securities firms.

In addition, SET trained bank officers who were in charge of service and potential investors nationwide. The “**One for All**” campaign served the increasing number of service users who prefer to use electronic transactions to execute financial activities. SET also developed investment services to make bank service screens faster and more convenient and reliable by developing service through five financial institutions, namely Bangkok Bank pcl, Bank of Ayudhya pcl, Kasikornbank pcl, Krung Thai Bank pcl, and Siam Commercial Bank pcl. Consequently, more than 19,000 securities accounts were opened as a result of recommendations of bank officials and through internet banking service, an increase of 50 percent from the previous year. Of the total, 4,600 accounts, or 24 percent of the total, saw actual transactions.

Expanding the investor base through mutual funds

SET cooperated with the Association of Investment Management Companies to organize the **“Let money work via mutual funds”** project to encourage the new working generation to start saving and planning to invest their long-term savings in various mutual funds. The project aimed to instill monthly investment habits among new investors from the first day of work under the theme **“Transfer savings into mutual funds”** by publishing articles via various media and organizing activities in Bangkok and suburbs to enable investors to get direct access to information. In addition, the project invited fund managers to make available information to investors for more than 20 seminars. As a result, throughout 2012, the investment value in mutual funds via various promotion activities totaled more than THB 6 billion.



3) Matching the right financial opportunities

SET strives to increase new products and services and boost cash flow for securities, including futures, as well as comprehensively expand post-trade business activities to respond to the needs of businesses and investors and provide options for new groups of investors under the changing environment and global investment trends.

Increasing products and services

- **Equity instruments**

Exchange-traded funds (ETFs) continued to grow and receive tremendous and continuous attention from investors. In 2012, the Thai bourse listed three ETFs, namely Thanachart Gold ETF (TGOLDETF), which invests in gold bullion with gold purity of no less than 99.5 percent, based on the return rate of the London Gold A.M. Fixing; KTAM Hong Kong ETF Tracker Open-End Fund (HK), which invests in the Tracker Fund of Hong Kong, based on the return rate of the Hang Seng Index in THB currency, and the KTAM-SET Banking ETF Tracker (EBANK), which invests in banking, based on the SET Banking Sector Index.

As of the end of 2012, the 11 ETFs listed had total assets under management of THB 8.43 billion an increase of 49 percent from end-2011.

As for derivative warrants (DWs), SET listed new 601 securities in 2012, a rise of 71 percent. A total of 42 securities expired during last year. At the end of 2012, there were 345 DWs and the number of DW issuers increased to nine, up by two firms.



- **Futures market**

TFEX grew and prospered in various fields in 2012, with total trade volume increasing to 10,457,928 contracts, or 43,823 contracts per day on average, an increase of 6.5 percent from last year, and with 238,981 outstanding contracts, up 323 percent from end-2011. At the end of 2012, there were 80,893 accounts traded, a rise by 28.6 percent from 2011.

In 2012, TFEX increased the variety of products to make them more effective tools to manage risk and create return for operators and investors. The new products are as follows:

1) USD Futures, futures contracts based on U.S. dollars, debuted on June 5 to an overwhelming and unexpected response, with a volume of higher than 3,429 contracts. Trading USD Futures was Thailand's first time that the authorities allowed currency exchange trading without an underlying transaction. The Finance Ministry, Bank of Thailand and Securities and Exchange Commission saw the necessity to provide additional currency exchange management tools which would benefit Thailand in the long term to cope with industrial and financial liberalization.



2) Sector Index Futures, based on SET industry sector indices, commenced trading on October 29 with contracts linked to five business sectors, namely Banking, Commerce, Energy and Utilities, Food and Beverage, and Information and Communication Technology, which are the leading sectors receiving continuous attention from investors. The movement of the index in each sector is in line with the stocks in that sector.

Moreover, SET has improved its current futures products to boost liquidity, which are **SET 50 Index Futures**, by adding the two nearest monthly contracts on top of existing four quarterly contracts, resulting in six contract months in total -- one-month contract, two-month contract, three-month contract and three quarter contracts. The new SET50 Futures series will enable investors to more efficiently manage short-term volatility of the SET index. SET also expanded the scope of **Single Stock Futures (SSF)** to cover stocks in the set 100 Index and adjusted the SSF position limit from a single level of 20,000 contracts for all stock futures to a proportion of the listed shares of the underlying stocks in between 20,000-435,000 contracts, enabling investors to manage their portfolios more effectively.

In 2012, TFEX accepted new full license members to reach a total of 40, including five gold brokers who upgraded their membership status of precious metal-related members to become full license members .

Broadening foreign institutional investors base: Increasing liquidity for the Thai bourse

SET has a key mission to support listed companies by providing information channels to reflect the value of the firms and the overall economy of the country. This is another strategy to respond to the demands of international investors who wish to trade in the Thai bourse.

- **Increasing business opportunities for listed companies to create attractiveness for the Thai bourse.**

In the third quarter of 2012, SET organized **Thailand Focus**, which has been organized for six consecutive years with Phatra Securities PCL and Bank of America Merrill Lynch under the theme **“Thailand Focus 2012: Positioning Thailand for the Next Growth Phase”**, highlighting two aspects, namely Next Growth Phase and Positioning. The Next Growth Phase presented important opportunities for Thai listed companies as economic vulnerability in other regions has made Asian markets more attractive, especially the Thai bourse, which has demonstrated outstanding performance in terms of liquidity and firms, while government policies, particularly basic infrastructure projects, have been helping upgrade the economy and profitability potential of Thai companies.

The other aspect was Positioning, or the demographic location of Thailand in the center of ASEAN and Indochina, both of which have enjoyed high economic growth. SET will continue to serve as a key source to mobilize funds for Thai companies to expand regionally. Thailand Focus 2012 attracted a record number of participants worldwide. **This event was the first-ever to present regional markets in Indochina together**, as SET invited four Indochinese stock markets and their listed companies to participate. Thailand Focus 2012 attracted a total of 122 international institutional investors and 89 listed companies in Thailand with 1,065 meetings held during the event.



- **Roadshows attracting investors from major countries and targeting new groups of investors.**

In 2012, SET concentrated on working proactively with government agencies and the private sector to expand the base of international investors and encourage foreign institutional investors to increase their investment in the Thai capital market. Thus, SET organized six overseas roadshows and brought Thai listed companies to meet the institutional investors, sovereign wealth management funds and supervisory agencies from financial centers worldwide, such as Canada, Hong Kong, Japan, Malaysia, Singapore, the United States, the United Kingdom, and new targeted groups such as Australia, China, India and Middle East countries to provide information about Thailand’s economic status and development of the Thai stock exchange.

The roadshows reaffirmed the attractiveness of the Thai market to those already invested in Thailand and presented Thailand as another investment option to new institutional investors. Audiences were interested in Thailand’s economic condition, which had quickly recovered from the massive floods of late 2011, and strong Thai listed firms, as seen from their upbeat operational results. In addition, the economic growth in the region is set to grow further thanks to the upcoming regional economic integration. During the roadshows in 2012, 27 companies participated and presented information on their companies, with more than 500 international institutional investors participating in the events.

- **Launching the ASEAN Trading Link to upgrade ASEAN into an asset class recognized by worldwide investors**

On October 15, SET launched its **ASEAN Trading Link** with Malaysia and Singapore in order to attract investors worldwide. The three markets have a total market capitalization of more than USD 1.4 trillion, or 70 percent of the combined market capitalization of seven ASEAN markets, with a total of 2,200 securities. The development of the ASEAN Trading Link opened a new era of enabling investors to trade ASEAN securities promptly and conveniently, and promotes investment in ASEAN, including Thailand, particularly trading through local securities firms. In the first stage, nine securities companies in Thailand participated in the program, increasing to 16 in early 2013.



SET has conducted various activities to support investment through regional stock exchanges, such as working with the Revenue Department by reviewing law for capital gains tax exemption for foreign securities trading to eliminate obstacles for those trading using the ASEAN Trading Link, promoting cooperation among ASEAN securities markets by organizing activities to educate and promote ASEAN securities to investors, aiming at stimulating and supporting the ASEAN capital market and securities as an **asset class** by international investors. SET has organized **Invest ASEAN 2013** on a continuous basis and jointly developed the web site www.aseanexchanges.org to be the information center of ASEAN capital markets, enabling investors to easily access the region's markets and securities in a convenient and easy manner.

Developing comprehensive post-trade business by highlighting speed and cost-efficiency



Thailand Securities Depository Co. Ltd. (TSD), under the SET group, focuses on developing and streamlining post-trade service to make it easier and more convenient for operators to reduce cost and operation risk, and plans to expand post-trade services in a comprehensive manner to promote service, increase competitiveness, and enable members to prepare for the expansion and new financial activities of SET. These developments will help businesses streamline linkages when conducting international transactions.

- **Increasing general clearing members for derivatives market**

SET's Thailand Clearing House Co., Ltd. (TCH) accepted five existing precious metal-related members who upgraded themselves to be general clearing members in 2012, so that they can offer clearing for all derivatives products. As of the end of 2012, TCH had a total of 41 general clearing members, up from 36 in the past.

- **Developing third-party clearing**

SET has placed importance on developing clearing house services to promote capabilities of brokers which are members of the clearing house. It has thus allowed the clearing members to carry out clearing and settlement obligations on behalf of other securities companies, or the so-called **third-party clearing (TPC)**.

In 2012, SET extended TPC execution for the give-up/take-up arrangement, enabling non-clearing members to outsource clearing and settlement to more than one clearing member in order to reduce the risk of clearing and settlement by distributing transactions to more than one party. In addition, investors could reduce costs, as they can centralize clearing and settlement of all of their transactions through only one broker. This extended TPC started operations in October last year. In 2013, SET will develop TPC continuously by improving regulations and related work systems to enable commercial banks to provide TPC service as well.

- **Providing foreign securities depository services**

In 2012, TSD expanded the scope of post-trade services to cope with foreign securities. In the start-up period, TSD has provided depository services for foreign currency-denominated fixed income instruments with a registrar in Thailand. Under such arrangements, members can engage in transactions such as deposits, withdrawals, or transfers; use securities as collateral, make payments and engage in over-the-counter clearing and settlement through TSD infrastructure facilities. This has reduced costs incurred in issuing securities certificates, boosted flexibility in securities depository operations, and supported and increased liquidity for cross-border transactions. The first phase of service was launched in September 2012.

- **Extending securities borrowing and lending facilities**

TSD in 2012 received permission from the Securities and Exchange Commission to conduct securities borrowing and lending (SBL), enabling it to act as both agent and principal rather than only being agent in the past. TSD provided for the lending pool board and immediately became a contractual partner with borrowers and lenders after they are matched. Initially, SBL would provide for SET50 index and TSD serves as custodian and manages collateral and shares benefits based on the collateral management for the user as well. The service started in 2013.

- **Developing dissemination information of listed companies via SWIFT messages**

TSD developed an infrastructure to disseminate corporate action news to custodian members via a **SWIFT message** system to ensure that information is distributed accurately, promptly and in timely fashion to reduce human error and mistakes that may incur in documenting information in 2011. In 2012, TSD expanded the service to cover other securities depository members by enabling non-members of the SWIFT network to receive standardized real time information in the same way as custodian members. Members can use the trial service in early 2013.

- **Appointing global custodians to hold foreign securities on behalf of investors**

The selection and appointment of global custodians to be TSD representatives is to service depository members holding foreign securities, covering 27 countries worldwide, including the United States, Europe, Australia, and Asia. This development marks the first step towards building a clearing and settlement network to service depository members holding foreign securities. SET also plans to prepare for new financial transactions such as dual listings and depository services for foreign currency-denominated securities.

This project lays down the infrastructure to centralize transactions to reduce cost and enhance efficiency for members, contributing positively to Thai investors in the long term. In 2012, TSD hired global custodians which would be ready to provide service in 2013.

4) Strengthening SET capabilities

SET strives to become a highly efficient equities market with effective operation systems comparable to the world's leading bourses. To be prepared for the ASEAN Economic Community scheduled in 2015, SET has outlined four strategic approaches, namely **1) Continually developing technological systems, 2) Developing operations to ensure high quality and high efficiency, minimize errors, and lower costs to cope with cross-transaction activities, linking the Thai bourse with international capital markets by creating operation master plans to transform every procedure into "straight-through processing", 3) Promoting efficiency in enterprise risk management and clearing for equity and futures products, and 4) Streamlining regulations and supervision to balance stock market supervision with benefiting from business opportunities.**

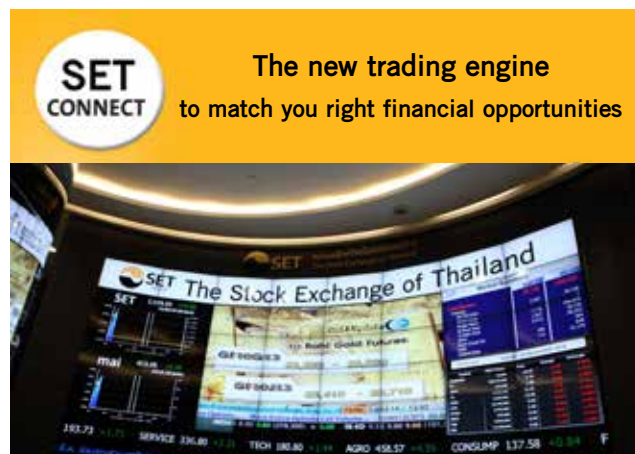
Enhancing IT capacity and driving the business with modern technology according to international standards

SET's **information technology (IT) master plan**, covering 2010 to 2014, is crucial for the effective and efficient operation of SET's transaction system and post-trade service. SET's IT systems meet international standards and offer modern, speedy and safe technology to handle international transactions and rising levels of business activities. SET also adheres to the principle of IT governance to utilize IT management and boost the credibility of the overall capital market.

In addition, SET focuses on upgrading the operational level of its IT professionals according to **global best practice** in terms of information security (ISO 27001) and reducing the risk of various threats to make the business run smoothly according to IT management standards (ISO 20000). This helps increasing efficiency and service to reduce operational cost and increase customer satisfaction. SET uses international IT governance guidelines to develop applications for working system operations, determine **IT security policy**, and review work procedures to strike a balance between control and flexibility.

- **Introducing SET CONNECT: new trading engine with efficiency equivalent to that of leading securities markets**

On September 3, 2012, SET launched “**SET CONNECT**”, its new multi-asset trading engine, with full cooperation from brokerages and other parties. Over the past 14 months, the system has been tested based on real situations, with more than 5,000 marketing officers of securities firms participating in the test to transmit purchasing and buying orders from more than 300 head offices and branches. **SET CONNECT** is as efficient as the systems of world-leading securities markets, packing with stability and safety to handle with greater transactions and new financial instruments. The system responds to the demands of investors in both domestic and international markets. The migration from the old trading system to the new one is a significant upgrade and more effectively and efficiently links the Thai market to international exchanges. The system has been proven to function with high performance levels and at full capacity. SET will continue to develop the system by applying it to futures markets.



- **Developing clearing systems to prepare for expanding SET business**

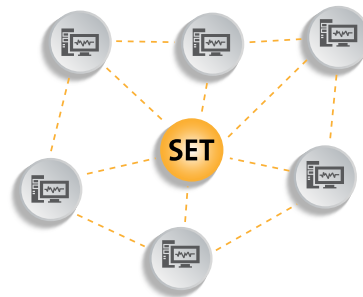
In 2012, SET developed post-trade services following its Operations Master Plan (2012–2016), by agreeing with the Korea Exchange (KRX) to upgrade SET’s clearing system for equity, bonds and futures. KRX subsidiary KOSCOM is expert in developing clearing systems, and will design and develop SET’s new clearing system to cope with further expansion of business opportunities, and promote the flexibility required for issuing new financial instruments, connecting and engaging in transactions with international clearing houses more conveniently, making the Thai clearing house one of the most attractive in the region.

- **Boosting efficiency and risk management of the clearing house for equity and futures**

TCH has improved its risk management system by monitoring intraday risk of members and looking at the integrated risk exposure of securities and futures contracts of members to enable the clearing house to monitor the risk of members on a timely basis. This enables members to prepare collateral in advance if their risk exceeds the required level. In addition, TCH has developed a system, called collateral services, to enable members to enquire their collaterals both for securities and futures transactions and withdraw excess collateral through the system.

- **Improving efficiency in transmitting orders of broker members via SETNET3 with international standards and high degrees of security**

SET has designed and developed SETNET 3 as the center to connect work systems between broker members and SET by extending service to broker members to cope with an increasing number of transactions, expanding co-location of service for members which want to install servers for receiving and transmitting trading orders. The new platform results in speedy and highly efficient operations equipped with a system to control the environment. It also has a comprehensive security system up to recognized standards, scheduled to be ready for service in April 2013.



- **Supporting and providing qualified independent software vendors to serve as alternatives for member companies.**

Currently, 12 independent software vendors (ISVs) have passed the test to connect the SET trading system and the futures market, including DST Worldwide Services (Thailand) Limited, Freewill Solutions Co Ltd, SunGard, Fedessa, Horizon, IT Element Company Limited, and Settrade.com Co., Ltd., Of the 12 ISVs, five were added in 2012 -- Flextrade, PAT, RTS, CQG and SERISYS. Moreover, SET places high importance on system developers and service network providers related to the stock exchange and broker members, as well as other capital market's agencies, to ensure that their security and computer control systems are robust enough to protect their information and prevent threats from external agencies.

- **Developing systems for DW through e-Listing**

As the issue and offering of derivatives warrants (DWs) is increasing steadily, SET is improving the efficiency and speed of accepting DWs for listing, through a process called e-Listing that not only accelerates the process but also eases the burden of securities companies which offer DWs.

Bringing regulations up to standards of regional securities markets: Increasing SET's competitive capacity

In 2012, SET improved its regulations to increase listing opportunities of companies in order to increase their financial opportunities and increase SET's competitiveness among regional markets, as well as strengthen broker members which are transactions intermediaries by concentrating on increasing the number of products on the market and adjusting the structure of listed companies to boost their strengths and competitiveness. In addition, SET supports self-regulatory organizations (SRO) by collaborating closely with the Association of Thai Securities Companies on projects of mutual interest.

As part of the process to prescribe rules and regulations, SET consulted and listened to opinions from listed companies, broker members, financial advisors, the Thai Investors Association, and Association of Investment Management Companies, among others. SET also listened to opinions posted on the website of the exchange to ensure that the regulations would strike an acceptable balance between benefiting from business operations and protection of individual investors.



Enhancing personnel potentiality for competition: Connecting opportunities for businesses and investors

Developing human capacity is an integral part of the SET's efforts to build skilled personnel who are ready to cope with changes in the business environment and technology. Securities market professionals also serve as the linkage to provide financial opportunities for businesses and investors. Therefore, they should be prepared to respond to the needs of various parties. SET has developed its personnel as follows:

1. Ingraining a business mindset in employees in all levels to prepare the organization for the future. The highly competitive, constantly changing nature of the capital market should motivate employees to enhance their learning capacity, be enthusiastic to learn, look for constructive aspects of the global changes, dare to think outside the box and be ready to work with the constantly-changing technology and with various parties promptly and decisively.
2. Organizing its **Leadership Development Program**, which has been developed on a continuous basis since 2010 to enhance the capacity of the next generation of SET managers using a variety of approaches such as one-on-one coaching by experts, e-learning, seminars, and other training, both domestically and overseas, for management and employees.
3. Organizing activities to ingrain SET employees with the concepts and understanding of SET's **core value** and the role of **"opportunity connectors"** to ensure that the Thai securities market would facilitate creation of the best financial opportunities for both businesses and investors.
4. Supporting employee efforts to increase their knowledge and skill, understand fresh technology and new innovations by offering scholarships towards Master's degrees in Business Administration, Law and Technology both at domestic and international institutions so that they will use their expertise to develop the organization.
5. Promoting communications to create understanding with employees at all levels on a regular basis via internal communication channels such as in-house announcements, informal meetings between management and employees, forums to exchange opinions and joint activities between management and employees on a regular basis.
6. Providing for a performance evaluation system which is clear and connected with organizational objectives. The directors and managers apply key performance indicators that are linked to corporate goals and use them in communicating with other management team members and individual staff. These indicators are also linked to the remuneration of individual employees.

7. Instilling professionalism with employees and being ready to follow international standards. SET seeks to ingrain professionalism in the employees' DNA to make them aware of the importance of their work and encourage them to deliver quality work to business units.

SET believes that the development of the organization depends on every employee, and that when employees receive opportunities to develop and enhance their capacity, they will be motivated to work with enthusiasm. Consequently, they will improve quality of their performance, raise their competitiveness, and enable the organization better respond to change.

5) Strengthening intermediaries

SET cooperated with the Association of Thai Securities Companies, brokerages and business partners to cater to customer needs and grow together in the long run by setting up a joint working committee with securities firms and other key stakeholders to boost efficiency in managing marketing channels, drafting marketing plans and promoting products to target groups of investors. In addition, SET has supported an effort of securities companies and business allies to create new business with speed and receive extra service with reasonable cost.

Increasing capacity and strength of online trading for brokers

SET, via its subsidiary Settrade.com, has developed a system that uses the internet for conducting securities transactions so that investors can use the diversity of mobile technologies available on Apple's iOS or Android to service their needs, thus contributing to SET's sustainable business expansion. Settrade Streaming for Android, which is a web-based application for trading securities and derivatives, has been developed for mobile phones and tablets that use the Android operating system, while additional functions have been added on Settrade Streaming for iPad. The potential of the system was shown by the rapid growth of online investors: in 2012, the total number of investors who used the Settrade system increased by more than 30 percent to more than 43,000 from 33,000 in 2011.



Supporting fair business practices and investor protection

The year 2012 marked the start of liberalization of commissions for securities transactions. Each member collects fees from investors by considering the cost of a given service. In addition, other businesses have been expanded. SET has followed the results of operations of members at regular intervals to support their operations. Rules and regulations have been streamlined to provide flexibility and ensure practicability for members, in line with international standards. In 2012, SET carried out the following activities for members and investors:

- **Supporting the Association of Thai Securities Companies (ASCO) to become a self-regulatory organization.**

SET and the ASCO support their members' efforts to become self-regulating by giving some supervisory authority that is under SET jurisdiction to members via the Association. The delegation of authority is based on risk, possible impact and supervisory efficiency, and is aimed at creating flexibility and reducing obstacles for members to do business by complying with best practices of overseas markets. SET will supervise matters which affect the stock market in general and the confidence of investors, while the ASCO will oversee business practices.

- **Protecting investor assets**

In 2012, TFEX and its members jointly set up the Derivatives Investor Protection Fund (DIPF), an extension from the past, when there was only the Securities Investor Protection Fund (SIPF). The initial size of the DIPF is no less than THB 100 million, with THB 50 million coming from TFEX and no less than THB 50 million from the members, to protect the assets of investors according to the Fund's regulations. Each investor is protected up to no more than THB 1 million if a fund member goes bankrupt or the fund member engages in a dispute with investors regarding trading on the futures market and the arbitrator's verdict mean the fund member must compensate investors with money or other assets.

SIPF regulations have been streamlined to enable the fund to accept new SET members and improve operational regulations to protect the investors. For instance, the process of accepting new members has been improved. The duty of the fund's committees in supporting SET operations has been set out clearly to promote investor confidence. Regulations on applying for compensation from the fund have been modified so that they should not create an excessive burden for investors.

Developing the capital market: Upgrading quality of the capital market in the long term

SET strives to enhance the readiness of the capital market in various dimensions by working with government agencies, the private sector and various associations and other organizations in the capital market to continuously improve the capacity of every group of participants, including listed firms, securities companies, capital market professionals and other personnel, investors and savers. SET also helps Thai youth, who are the foundation of the country, to learn about savings and financial management, so that the capital market and the economy may grow sustainably.

Empowering businesses: Developing quality of listed companies for sustainable growth

SET has determined to continually develop the quality of listed companies in three areas, namely good governance, investor relations, and operating with social responsibility, by developing higher levels of standards and expertise in execution. In particular, SET encourages listed firms to run their businesses to comply with the environment, society, and governance standard.

Developing good corporate governance (CG)

One of the major developments in 2012 is that SET has improved its **CG principles** for listed companies B.E. 2549 to be in line with the ASEAN CG Scorecard, which is the standard to evaluate and rank the CG of listed firms throughout ASEAN. This modification would help make the principle more up-to-date and in accord with changes in the capital market and society. This change would also upgrade the standards and practices of good CG of Thai listed companies and make them better able to compete when the ASEAN Economic Community comes into force in 2015.

Over the past three years, SET has developed the **CG of Thai listed companies** by exploring and analyzing the adequacy of their risk management systems, internal controls and CG, together with giving advice to strengthen their business management capacity.

To develop good CG in listed firms, firstly, SET **annually analyzes the remuneration given to directors and management of listed companies**, reporting on various industries so that firms could compare their own compensation plans with those given in other businesses in the same industry. Secondly, SET, including mai, identifies and honors listed companies with outstanding CG by presenting them with **CG Report Awards**. Thirdly, SET visits new directors and top management of listed firms to advise on CG guidelines and the role of board members in promoting good CG.

Developing investor relations

SET is developing investor relations (IR) in three main areas as follows:

1) Providing in-depth advice to investors under **SET's IR Advising Program** for the second consecutive year on how to develop IR, along with offering workshops, seminars and other forms of training. In 2012, there were 30 companies participating in the program.

2) Developing IR standards and guidelines by distributing the **"First Step to Investors Relations"** handbook to companies. In addition, seminars and other training have been conducted on these topics: (1) Business strategies for IR, (2) IR planning for corporations, (3) How to make investors interested in equities and (4) Understand ASEAN investors: a first step towards ASEAN Trading Link, etc.

3) Recognizing listed companies with outstanding IR performance by presenting the **Best IR Awards**. Self-evaluation criteria have been modified to enable firms to produce their own checklists to improve comprehensive IR planning.

Developing social responsibility

Corporate social responsibility (CSR) is new for many listed companies. Therefore, in 2012, SET concentrated on creating understanding by producing two manuals, namely **"Social responsibility guidelines for companies"** and **"Guidelines to produce sustainability reports"** as well as organizing workshops, seminars and other forums to exchange experience in three areas, namely 1) Social responsibility for sustainable development 2) Producing sustainability reports and 3) CSR best practices. Also, SET has leveraged its efforts in sustainability reporting by providing in-depth advice for individual companies on how to produce such a report.



SET encouraged listed companies and other organizations, as well as the general public, to participate in a CSRI Forum under the topics “CSR directions in 2012” and the “CEO’s role to promote a sustainable corporation.” The program included three small-group CEO forums to set up meetings with 10–15 chairmen and top executives of listed firms, aimed at encouraging companies to step towards the Dow Jones Sustainability Index.

SET also recognized listed companies with outstanding performance in social responsibility by presenting the **Best Corporate Social Responsibility Awards**. In 2012, Corporate Social Responsibility Institute (CSRI), which is under the SET group, presented CSRI Recognition awards for the first time ever, in addition to CSR Awards. Thus, CSRI Recognition 2012 was held to honor listed companies prominent in CSR implementation, consisting of “Rising Star Awards” for small- and medium-sized companies with inspiring CSR performance, “Most Improved CSR” for firms which demonstrated the most visible progress in CSR, and “Most Innovative CSR” for companies with the most innovative corporate and social responsibility practices.



These awards were given to honor and inspire Thai listed firms committed to continuously running their business for society’s benefit and to recognize them as being good role models of sustainable business operation for companies, other organizations and the general public.

Empowering small- and medium-sized enterprises (SMEs)

SET concentrated on promoting the potential of SMEs to understand how to effectively and efficiently manage their finances by partnering with organizations in the public and private sectors to organize seminars and other activities to learn from the experiences and views of other companies and make them realize how to benefit from the capital market. In addition, events are designed to inspire and create business development models that would aid the sustainable growth of the companies concerned so that they will eventually become eligible for listing. Executives from 594 companies participated in the event.



SET also provided a platform to link firms with various innovations, such as a channel to reach out to potential investors via the website www.Innobizmatching.org. In addition, the activity entitled “Good business plans get more money” helped companies needing funds by teaching them how to present their business plans to potential partners through applying recommendations from professional investors to their business models.

Empowering investors: Upgrading expertise to create quality investors

SET, via its Thailand Securities Institute (TSI), concentrated on becoming a major center for developing expertise in financial and investment planning for investors and savers, leading to better financial health and expanding the base of quality investors in the long run.

Creating quality investors via learning channels to reach targeted investor group

In 2012, SET promoted learning about saving and investment in a systematic manner, covering every target group via training curriculum, seminars and other regularly-held activities. The content started from basic topics about financial planning and investment in various instruments, including in-depth curricula enhancing the learners' skill to enable them to analyze and make investment decisions on their own. In 2012, there were 35,336 participants attending such programs. Learning about investment was also promoted via projects and various other learning channels as follows:

1) **“Save in stock by TSI: Wealth creation through quality investment”** project encouraged increasing expertise to create long-term investment and change investment behavior or encourage bank savers to allocate some savings to invest in shares on a continuous basis. The campaign was aimed at creating quality investors, and teaching used online media on a continuous basis; 8,680 people joined

2) **“Re-activating inactive investors”** was organized with 14 securities companies to teach brokerage representatives how to teach inactive clients about investment to boost their confidence. A total of 21,213 people participated in the project.

3) **“Employee's choice @ workplaces”** taught provident fund members about financial planning for retirement and how to increase their savings by choosing the provident fund best suited for their objectives. A total of 7,689 company directors and provident fund members participated in the event.

4) **Developing online learning to reach out to every learning lifestyle** by using the **“TSI on Mobile”** online application to access Thailand Securities Institute (TSI) courses about financial and investment planning. This application organizes topics and highlighted menus in a symmetrical manner, and provides an unlimited opportunity to learn 24/7 at www.tsi-thailand.org. In 2012, a total of 719,451 people were taught via online learning media and the number of TSI Facebook members increased to 33,434 people.



5) **Developing intelligence media to create wealth for investors** by accessing e-books via an application, called “SET e-book,” to increase convenience and expand access to learning about financial planning and investment, as well as the translated version of “Global Technology Audit Guide ” by cooperating with the Institute of Internal Auditors of Thailand to promote expertise of listed company executives and the general public.



6) **Developing e-Library@Maruey** by offering online reading facilities in Maruey Library, which is a part of SET, to enable investors and others, both in Bangkok and other provinces, to access financial and investment knowledge 24/7. Throughout 2012, more than 426,000 people used the library’s online service to research investment information and participated in other learning promotion activities of the Maruey Library at online libraries, the SET Head Office, or on the second floor of The Esplanade complex, Bangkok.

Boosting capacity and strength for intermediaries: upgrading standards of securities professionals

Enhancing the operational expertise of securities professionals

In parallel with creating quality investors, SET, via TSI, has an important role and mission to develop the expertise of professionals in the securities market by setting and supervising examinations certifying to their standards of proficiency.

TSI focuses on creating and maintaining proficiency standards for professionals to prepare for an expansion of the Thai capital market and competition at an international level. TSI aims to enhance the capacity of these professionals by increasing their expertise and instilling professional ethics based on a rigorous code of conduct together with a professional spirit to service investors.

In 2012, TSI followed up on its earlier efforts by cooperating with Association of Thai Securities Companies to develop various projects and curricula. In 2012, more than 2,700 people attended these training programs:



- 1) Strengthening the **“New Investment Consultants (NICs)”** program to develop consultants for new generation investors,
- 2) Strengthening **“Brokers’ Modern Investment Consultants (B-MIC)”** to develop the expertise of investment consultants,
- 3) **“Strengthening Back Office Personnel”** to produce roadmaps to develop proficiency of back office personnel in key areas for this group of professionals,
- 4) **“Strengthening Junior Analysts”** to develop the new generation of securities analysts for the industry.

TSI also developed curricula and training in various topics to expand the expertise in product analysis and other necessary skills for securities professionals.

Moreover, TSI **develops and offers training courses** for licensing examinations that fits the new structure of certified professionals that has been set out by the Securities and Exchange Commission and went into effect April 1, 2012. Under the new structure, investment consultants are categorized into 10 types, rather than six in the past, according to scope of products that the consultant gives advice on. For instance, the derivatives investment consultant category has been added.

TSI prescribes content for investment consultants into four areas as follows: 1) Basic knowledge, 2) Regulations relating to investment consulting, 3) Investment product expertise and 4) Regulations and operational standards for investment products. Therefore, TSI has a mission to improve the curricula for examinations to fit the new structure of licenses and develop 20 examinations for all of the certificates offered.

From September 15, 2012, onwards, TSI added a new role, namely **certification of training institutions and approving refresher courses** for licenses. This role was transferred from the Securities and Exchange Commission, marking TSI's first step towards overseeing continuing professional education to upgrade securities-related personnel on a continuous basis.

Enhancing capacity of the Thai capital market: Promoting research quality to upgrade the Thai capital market

Producing researches to develop the capital market

In 2012, the Thai Capital Market Research Institute concentrated on research to improve the competitiveness of market participants and studied guidelines to reduce obstacles in the Thai capital market to boost competitiveness in the international capital market. In addition, the Institute also produced studies to prepare Thais for an ageing society.

Research beneficial to market participants and contributing to capital market development on a comprehensive scale include

1) Guidelines to create the balance of listed companies' structure in the Thai securities market, 2) Opportunities to expand the market to the provinces and strategies of Thai listed companies, 3) Bottlenecks which can be obstacles to the growth of the Thai capital market in the next five years, 4) Preparation for financial planning for retiring between 40–60 years old, and 5) How to make the Government Pension Fund and provident funds respond to the long-term saving planning of Thais effectively.

Moreover, Capital Market Research Forums have been held monthly for the past three years to create a venue in which to present research and academic findings regarding the capital market to market participants. Respected professors and experts in the domestic and international capital markets have contributed to the production and dissemination of quality research papers to promote and exchange in-depth opinions to develop the Thai capital market.



Supporting research scholarship on capital market at the Master's degree level to create an educational and business network

SET strives to become a leader in promoting collaboration on the Thai capital market between businesses and educational institutions by linking academicians and business operators in the capital market. Therefore, in 2012, SET collaborated with 14 educational institutions and capital market organizations to organize the **“Clinic for Capital Market Research”** twice in 2012. To upgrade the quality of capital market research papers, SET organized a competition to select outstanding research papers about the capital market.



Creating corporate leaders via the Capital Market Academy

The Capital Market Academy offers curriculum for professionals in a wide variety of sources to create highly capable executives with expertise in the capital market and with the dynamic vision and leadership needed to drive their organizations to accomplish both business and social objectives. Over the past eight years, 1,240 from 15 classes have attended the courses provided by the Capital Market Academy. They have greatly contributed to the development of the Thai capital market, proposing guidelines to develop the market to the government; these guidelines have been incorporated into the current Thai capital market development plan.

Moreover, the Academy sponsored academic research papers which have been beneficial to the Thai economic and social development. The papers cover a variety of topics, e.g., Obstacles and Solutions To Encourage Private Sector Participation in Infrastructure Project Investment, A Case Study Regarding Public Private Joint Venture Act BE 2535, Guidelines To Increase Institutional Investors in Thai Capital Market, Perspectives of Thai Businesses in Mobilizing Funds Through the Stock Market, Long-term Investment to be Ready for the ASEAN Economic Community: A Case Study for Basic Infrastructure Development in Thailand and the Role of the Capital Market in Developing Railway Projects in Thailand.



On social responsibility, in 2012, the academy and all classes of alumni organized the **“Power of the Capital Market Academy to reduce the social gap”** project in 10 provinces (Amnat Charoen, Buriram, Loei, Mae Hong Son, Nakhon Panom, Nong Khai, Sakon Nakhon, Sakao, Sisaket, and Ubon Ratchathani).

In 2012, the Capital Markets Academy and the students of classes 14 and 15 organized two projects -- “Power of the Academy to reduce the social gap” and “Supply educational equipment to fulfill the Royal Intention of HRH Princess Maha Chakri Sirindhorn” -- to bridge the income disparity gap in Ubon Ratch Thani and Loei provinces

In addition, the Academy also established a community rice mill in Bansium Community, Ubon Ratchathani province and a visitors' center and public toilets with standard and aesthetic elements that blended well into the landscape of Chiangkan in Loei province.



Match investment opportunities for you and your business

Connect people looking for investments
with those who need funding

Expand into new opportunities, strengthen fulfill potential,
and lay the foundation for sustainable development

To create the best value at every opportunity



SET Group business plan for 2013

The Stock Exchange of Thailand (SET) has laid out 5 key business plan in 2013 which are in line with its vision **“Empowering business and investors through our strengths to match the right financial opportunities”**.

1. Expand investor base

SET will continue to expand investor base, especially retail investors. In 2013, SET aspires to enlarge 96,600 equity accounts (total of 797,326 equity accounts in 2012), and increase 22,000 derivatives accounts (total of 80,893 derivatives accounts in 2012). Key target groups are (1) depositors by co-operating with commercial banks, i.e., Banker-to-Broker project, (2) online users by communicating and educating via online channels, i.e., Online Investor Generation Campaign, and (3) potential investors especially in major provincial cities by working jointly with brokerage firms, i.e., SET-TFEX events in major provincial cities.

In addition, SET is committed to expanding domestic institutional investor base, especially provident fund through employee-choice scheme. In cooperation with asset management companies, SET will educate the fund members on potential higher return from equity investment and expects them to increase equity allocation.

2. Grow market capitalization

SET aspires to inflate market capitalization 120,000 million Baht in 2013. SET will seek to attract leading high quality and well-known companies and property funds. SET will also introduce new types of securities to list on the exchange, including Thai holding companies with core investment abroad, infrastructure fund and real estate investment trust (REIT).

Furthermore, SET will promote the usage of tools and instruments available in the capital market, i.e. warrant, stock dividend and stock split, that match the financial needs of listed companies. SET targets that listed companies will raise 100,000 million Baht of fund in 2013.

3. Become the gateway to the Greater Mekong Subregion (GMS)

SET aims to become the gateway to GMS, which has strong economic growth and high demand for raising fund, by work jointly with GMS exchanges for mutual benefits. SET will focus on

(1) developing GMS products and attracting GMS companies planning to raise fund, i.e., listing of Thai holding companies with core investment in GMS, (2) developing linkage among GMS exchanges through ASEAN Trading Link, (3) creating the linkage in post-trade system among GMS exchanges, (4) encouraging Thai brokerage firms and custodian banks to expand their business to GMS, and (5) providing capital market education for professionals and regulators in GMS.

4. Develop new products and service platforms

SET will promote direct market access (DMA) and program trading by adapting rules and regulations as well as upgrading risk management measures. SET will also implement latency management system for co-location. SET aims to increase DMA and/or program trading to 10% from currently 7% of total trading value.

Additionally, SET will expand fixed-income business through providing registrar services for government savings bond and developing collateral management.

5. Upgrade infrastructure for growth

SET will increase its efficiency so as to be on par with leading exchanges in the region. SET will continue to implement IT Master Plan which succeeded in launching new equity trading system in 2012, and implement Operations Master Plan. In 2013, SET will focus on (1) implementation of the new trading and clearing system for the derivatives market, the new clearing system for the equity market, and online trading system for retail investors, (2) cooperation with ASEAN exchanges to develop ASEAN Post-Trade Link, after having successfully launched ASEAN Trading Link in October 2012, and (3) upgrading enterprise risk management framework.

Long-term capital market development

In 2013, SET will continue to strengthen long-term competitiveness and capability of all stakeholders in the Thai capital market.

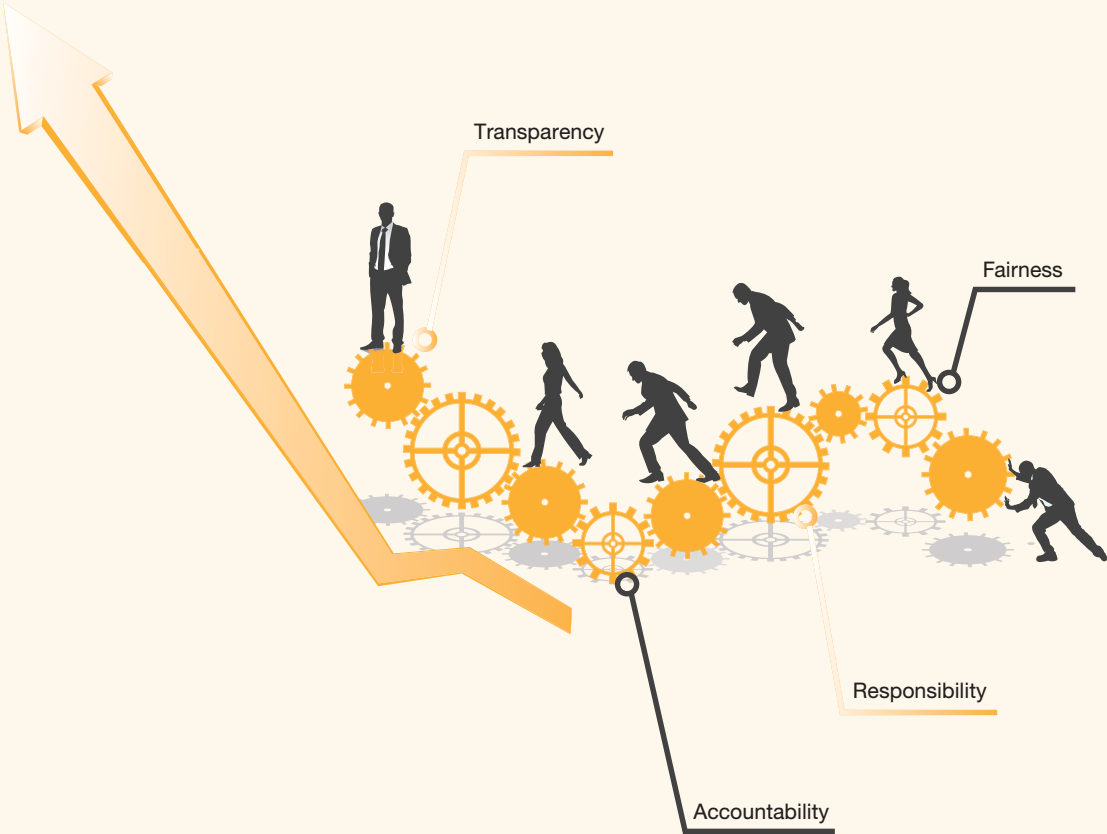
SET will enhance Thai listed companies' competitiveness by (1) promoting CSR practice through Corporate Social Responsibility Institute (CSRI), (2) encouraging listed companies in the invited list of Dow Jones Sustainability Index (DJSI index) to further upgrade their ESG (Environmental, Social and Governance) standards, (3) educating SET100 listed companies on evaluation system of ASEAN CG Scorecard to be ready for AEC and (4) providing listed companies with advice on investor relations.

SET is committed to strengthening financial capabilities of Thai people. To expand investor base especially in major provincial cities, SET will educate investors on financial planning, investment knowledge (15,000 people) and advanced product knowledge (2,300 people). In addition, SET will conduct financial literacy program for youths and Thai people through a variety of educational projects, e.g., Young Financial Star (YFS) project (4,000 people) and Personal Financial for Youth's trainer development project (1,000 people).

Furthermore, SET will upgrade standards of professional knowledge content and licensing examinations, and ensure high standard of testing and training centers. SET will also develop specialized curricula for professionals in the capital market (3,100 people).

Capital Market Research Institute (CMRI) will support the Capital Market Master Plan. CMRI, in cooperation 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.

Good Corporate Governance



Match opportunities and establish credibility with good corporate governance

Operate with integrity, transparency,
principles and professionalism
To enhance national credibility



Corporate Governance Report

SET's Board of Governors (BoG) recognizes that good corporate governance (CG) is an essential prerequisite in making an organization's systems more credible and ensuring trust for all stakeholders. In 2012, the Board endorsed a strategic plan for enhancing SET's CG by improving its CG policy and focusing on effective practices of CG. Moreover, the SET has invited The Thai Institute of Directors Association (IOD), as an independent, highly-respected and accepted institution, to determine a CG score for all Thai listed companies, and for SET as well. The Institute's evaluation results were considered by the Board, and the Institute evaluated SET's CG as being very good.

SET's organizational culture emphasizes maintenance of good CG standards of the SET. In 2012, SET activities to promote good CG included :

- Improved the Corporate Governance Policy and Code of Conduct, recommended by the Nomination and Corporate Governance Committee with approval from the Board at the meeting on July 2012, to enhance SET's CG principle practices as well as to be in accordance with international standards.

- Communicated the substance of SET's CG policy and Code of Conduct to all SET directors and staff for building their understanding of good CG principles by;

- Disseminating CG policy and Code of Conduct via SET's intranet and on its website (www.set.or.th);
- Providing meetings for employees to increase their understanding SET's CG policy and Code of Conduct;
- Regularly disseminating the CG Journal in the CG Corner through SET's intranet;
- Organizing the "SET CG Day 2012: Spirit of CG from your mind". SET organized various CG activities to instill an understanding of CG by employees, e.g., through participating in the questionnaire "CG Quiz", a CG exhibitions board, and a special talk session "CG Policy in focus", with the SET president and other executives joining in the seminar.

The Board strongly believes that doing business with high CG standards will support the Exchange's sustained growth.

Compliance with Good Corporate Governance Principles

1. Shareholder 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. BoG 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.

Apart from the abovementioned rights of the members, SET has made additional efforts to maintain good relations with our members through activities such as;

- **CEO networking meetings**, consisting of panel discussions among senior executives of all brokerage firms to strengthen good relationships with them and enable members to express opinions on development of securities business.

- **SET and ASCO executive luncheon meetings**, consisting of monthly panel discussions between members of the Association of Securities Companies (ASCO) and various parties involved in the capital market to discuss capital market matters.

- **Member Newsletter**, which is a quarterly publication for all members containing updates on market status and capital market movement news.

- **CEO Letter**, which is a monthly newsletter from the SET president to the presidents of securities companies, informing them of SET happenings and other capital market news. This publication started in August 2012.

The activities have been undertaken throughout the entire year, and have been well- received by members. In 2012, SET organized two CEO Networking sessions and seven ASCO lunches and published four Member Newsletters and five CEO Letters.

2. Equitable treatment of shareholders

SET has policies for fair and equitable treatment of shareholders, transparent meetings for member companies, and equitable hearing of opinions from all members and coordinators who are directly responsible for interaction with members. SET seeks to consistently improve its operations for the benefits of SET and members.

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 16:00 hours to be convenient for all members to attend the meeting.

In 2012, the BoG called an ordinary meeting on April 25, chaired by the BoG Chairman and with a total of 7 directors in attendance. There were four extraordinary meetings in 2012, with an average attendance of 89% of members. Among the matters considered were elections of board members, approval of remuneration for 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, as follows:

- Amendment of trading rules for SET's new equity trading system
- Amendment of trading rules for real estate investment trusts (REITs)
- Cancellation of trading short-term warrants
- Revision of amendment membership status of securities companies and trading rules
- Encouraging securities members to work as a self-regulatory organization (SRO)

3. Roles of stakeholders and equitable treatment of stakeholders

The SET's Board of Governors (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 the Securities and Exchange Commission, securities companies, listed firms, asset management companies, investors, employees and related agencies, including business partners, creditors, competitors, 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 Conduct, Policies toward and treatment of stakeholders include:

3.1 Investors and the public

- Creating customer satisfaction by offering various financial products and quality services, under fair conditions, and providing adequate, accurate and timely information about such products and services. SET does not exaggerate about the quality, quantity or other terms and conditions of products or services to customers.
- Creating investor satisfaction by offering various financial products and quality services, using safe and reliable technology together with continuous service enhancement.
- Providing sufficient, accurate, and timely information that does not mislead to investors, together with continuous quality improvements of these services.
- Providing communication channels for investors and the public to receive business information and complaints, giving high significance to customer confidentiality and not using such information for personal or other benefit or in bad faith.
- Protecting investor benefits by establishing the Securities Investor Protection Fund in 2004 and Derivatives Investor Protection Fund on November 15, 2012.
- Building understanding about the capital market and disseminating information of SET activities via various channels to investors and the general public.

3.2 Listed / Member companies / Asset management companies

- Consulting on investor 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.
- Organizing activities to provide communication channels for investors and the public to receive investment information from various parties involved in the capital market, e.g., brokerages, listed companies, and asset management companies. e.g. holding Thailand Focus, roadshows, Opportunity Day and SET in the City etc. These events give investors a broader and deeper understanding of Thailand's economic, investment and policy environment and highlight the economic potential of Thailand listed companies, helping to strengthen their trust in the country as an investment destination.
- Improving corporate governance (CG) of listed companies by establishing the Corporate Governance Center to help them realize the benefits of good CG practices, both for their own businesses and all stakeholders. In addition the CG Center helps listed firms understand and implement CG.

SET activities in 2012 which show equitable and fair treatment of all stakeholders include:

Highlight of activities for 2012	
Financial products	<ul style="list-style-type: none">• Launched sector index futures, tracking the movement of five sector indices on SET, helping investors to manage their portfolios effectively.• Launched USD futures, so that small and medium-sized entrepreneurs and general investors could more effectively manage volatility risks of the USD, which is the most widely used currency in the world, or the Thai baht.

Highlight of activities for 2012	
Supporting Issuers and listed companies	<ul style="list-style-type: none"> Hosted “Thailand Focus 2012”, so that leading foreign institutional investors could obtain vital information directly from top executives of key listed companies about their latest earning reports. A total of 122 institutional investors and 89 listed firms participated, with an equivalent of 1,065 meetings. In addition, this was the first time that listed firms and top executives from four Indochinese stock exchanges joined in the event. Held roadshows to give the investing public vital information on the Thai economy and introduce global institutions to the potential of listed firms. These events took place 6 times in various countries: Canada, Hong Kong, Japan, Malaysia, Singapore, United Kingdom, and United States. A total of 26 firms participated in this event.
Investor Protection	<ul style="list-style-type: none"> November 15, 2012, set up the Derivatives Investor Protection Fund, with an initial worth of THB 100 million, aiming at building the confidence of personal investors and local entities which are not institutional investors, trading derivatives via securities companies which are members of this Fund. Investors are protected against member broker bankruptcy or broker inability to return assets by compensating them for loss in value of assets.
Enhancing CG for listed firms	<ul style="list-style-type: none"> Revised the “Principles of good corporate governance for listed companies 2006” to be in line with the ASEAN CG Scorecard, thus upgrading the CG standards of listed companies to be ready for the ASEAN Economic Community (AEC) in 2015. Developed investor relations (IR) operations of listed companies through three main activities: Firstly, providing IR advice to give insights on best practices to companies through SET’s IR Advising Program, plus holding seminars and other training; secondly, publishing the IR handbook, “First Step to Investor Relations”, to help firms manage and enhance their IR systematically; and lastly, recognizing and honoring firms through giving Best IR Awards, one of the SET Awards 2012. Through the SET’s Corporate Social Responsibility Institute (CSRI), the Exchange has recognized listed companies with CSRI Recognition 2012 awards for their development of and commitment to continuously operating their businesses with sustainable social responsibility. The CSRI Recognition Awards honor and inspire Thai listed companies to continuously run their business for society’s benefit and be a good role model of sustainable business operation.

Highlight of activities for 2012

Communication and information publishing channels to investors and the public

- Held SET in the City, 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 firms, and asset management companies. Such events enabled participants to easily interact, learn about saving and investing, and become more involved in the capital market. In 2012, SET in the City took place three times: in Phuket, Udon Thani, and lastly in Bangkok, with a total of 132,500 participants and 17,400 transactions taking place.
- Held Opportunity Days for listed companies after they reported their quarterly operating results to SET, so that the firms could provide timely and accurate information to analysts, investors and the press and acquire information directly from entrepreneurs. All these events resulted in a total of 13,947 investors, 2,081 analysts and 2,288 media representatives participating. In addition, SET provided convenient channels for live broadcasts via www.set.or.th and smartphones. In 2012, a total of 175 companies participated in live broadcasts, up by 13 percent from 2011, with 261,948 persons from 118 countries accessing live or archived broadcasts.

Moreover, in 2012, SET launched the OppDay application on iPads to give another information access channel for SET's highly-popular Opportunity Day event, so investors could download key information of all listed companies as presented on Factsheets.
- Expanded Money Expo, to present information on products and services of the SET group to investors and the public. In 2012, SET organized Money Expo in total of four times in all regions, in Chiangmai, Songkla, Nakhon Ratchasima and Bangkok.
- January 23, 2012 introduced the Trading Alert List, a list of securities showing unusual movement of prices and trading volumes compared with the previous trading session, to warn investors about unusual movements. Lists are announced via the SET web-based online information system, SETSMART, and www.set.or.th.
- January 30, 2012, introduced a straight-through system to increase the speed of information dissemination and obtain equality in getting information for investment. This is a standard enhancement for information disclosure to be in line with leading stock exchanges in the Asian region.
- Introduced the trading application Settrade Streaming for Android for investors to more easily trade equities and derivatives real-time via smart phones and tablets.

3.3 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, 2012, SET had 721 full-time staff, with a 7.8% turnover in 2012.

Developing employees

• SET has continually developed employees by providing training and development programs to enhance their competency and provide career advancement opportunities. In 2012, SET provided 53 in-house training courses, totaling 2,111 man-days, with 80 percentage of all staff attended training courses at a total cost of THB 6,612,000. Training programs are focused on developing the leadership or managerial, strategic planning, customer-centric, or functional skills needed in each position.

- 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 top management for SET Group. This program has already started to develop executives with a high potential to lead SET into the highly competitive and internationalized future.

Managing remuneration and benefits

- SET remunerates employees and management on a par with other leading organizations, and its evaluation system is performance-based.
- SET consistently takes care of its employees, with equal treatment and welfare benefits, which include:
 - A provident fund, medical welfare, financial welfare and emergency loans.
 - A saving cooperation promoting to save money and financial sponsor among SET cooperation members.
 - Scholarships for master's degree programs, both domestic and overseas total of five scholars yearly for the purpose of improving knowledge, ability and competency needed for performing works for SET.
 - SET Employees Club to be the center association promoting staff to join a variety of activities which are friendly, caring and helpful for staff, their families and society.
 - Maintaining a safe work environment, with annual fire drills.
 - Annual physical examinations, sports facilities and training for health and relaxation after work, as well as life and health insurance.

Encouraging employee participation

- 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.
- Executive meetings
 - Business Development Committee Meetings continually held for SET Head Affairs two times monthly by opening views from executives to the president. The meeting agendas related to making a decision on SET operations and also promoting to business alliance and cooperation to be more effectively.
 - Senior Management Team Meeting unofficially held among executives for Senior Vice President and upper levels on the basis of week to strengthen relationships between them and also opening views in their responsibilities weekly.
 - Management Meetings monthly held among executives for Vice President and upper levels so as for executives to inform SET strategic plans or the progress of operations in order to communicate to staff in their affairs or in responsibilities.

Encouraging environmental concern

- In 2012, SET promoted the use of resources with efficiency and care for the environment to enhance understanding at all levels of employees through training on how to "Save Energy, Save the Earth". This training is useful for both employees and SET.

3.4 Suppliers / Business partners

- SET strictly complies 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.
- SET has a written anti-corruption policy specifying rules and regulations to fight corruption which all staff must strictly comply with. This policy's purpose is to build trust for all stakeholders in the SET Group, ensuring that SET will operate honestly and transparently, including supporting all activities against corruption.
- SET does not accept monetary or non-monetary gifts from its business partners, suppliers, customers, creditors or any other person they are dealing with on behalf of SET. SET stipulates the evident guidelines preventing from unclear, unfair and corruption in business conduction.
- In seeking suppliers/business partners, SET has clear and transparent procedures to conform to procurement regulations and guidelines. SET has written policies which all SET Group executives and staff must comply with strictly. Such procedures of seeking suppliers/business partners include:
 - Prescribing required qualifications of suppliers/business partners and disseminating this information equitably and broadly.
 - Prescribing clear criteria for selecting suppliers/business partners on the basis of benefits to SET approved by the procurement committee, whose members are appointed by the president.
 - Ensuring that dealing with suppliers/business partners under written agreements and fair conditions.
 - Having an inspection committee whose members are selected by the president. Inspection committee members are independent of the procurement committee in order to have checks and balances in reviewing progress made at each stage of a project before approving payment timely as specified in the agreement.

3.5 Creditors

- Strict abiding with contractual conditions and financial obligations. If SET is unable to honor any term or condition, it must, without delay, inform its creditors in advance, in order to seek alternative solutions together and protect against loss or damages that may occur.
- Operate its business to ensure that creditors trust in SET's financial status and solvency.
- Disclosed financial information correctly, sufficiently and frequently.

3.6 Competitors

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

3.7 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.

3.8 Society, community, and the 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 selected such activities, see the SET CSR Report 2012)**.

Whistleblowing

SET provides channels for all stakeholders to report or complain about wrongdoings, legal violations or activities that violate SET Group's Code of Conduct, incorrect financial reports or defective internal control systems of SET Group directly to the Chairman of the Audit Committee. The Audit Committee investigates allegations of wrongdoing or complaints and reports their findings to the SET Board of Governors. SET's whistleblower policy has been disseminated through SET's website in the section "Whistleblowing policy". Whistleblowers can contact the Chairman of the Audit Committee via:

- | | |
|--------------------|--|
| 1. Electronic mail | ChairmanOfTheAuditCommittee@set.or.th |
| 2. Postal mail | Chairman of the Audit Committee
Internal Audit Department
62 The Stock Exchange of Thailand
Ratchadaphisek Road, Klongtoey
Bangkok 10110 |

SET has a well-defined process to assure that whistleblowers will be protected in good faith. 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, the whistleblower can request special protection and he/she will receive fair treatment.

In 2012, there were no suggestions or complaints that SET Group had committed malpractices, including with respect to our accounting, auditing, internal controls, violations of law or activities against SET Group's Code of Conduct.

Compliance with rules and regulations

The SET Board of Governors (BoG) realizes the importance of strict compliance with the Securities and Exchange Act and laws related to business conduct and also recognizes the rights of all stakeholders, including those related to human rights and fair treatment of labor.

4. Disclosure and Transparency

The BoG emphasizes the quality of the information disclosed to ensure that important information for business operations and securities trading is distributed sufficiently, correctly, accurately, and transparently through easy-to-access channels. The SET website is a major source of important information, both financial and non-financial, in both Thai and English e.g.:

- SET publishes information on its overall operations, names and profiles of SET governors and executives, the structure of SET Group operations, news/activities of SET, issuer activities and corporate governance of SET, including its CG policy, Code of Conduct, trading guidelines for SET governors and staff, whistleblowing policy. In addition, SET disseminated its risk management policy and structure in 2012.
- SET annual reports, including audited financial statements and Management Discussion and Analysis, from 2001 to the latest issue can be downloaded, with each report being issued no later than 60 days after year-end, as is the case with listed companies. The 2012 SET financial report was published on February 20, 2013, or 51 days following the end of the period covered, which was before the deadline. The BoG provides a statement of its responsibilities concerning the SET financial reports alongside the auditor's report in SET's annual report.
- SET engages in public relations and public education via mass media, including SET's website, television programs, radio broadcasts and pamphlets.

- Investors, listed companies, brokerages and other related parties can access SET information or contact call center, and obtain automatic service around the clock, as follows:

- **S-E-T Call Center** (via telephone number 0-2229-2222 and SETCallCenter@set.or.th) provides services about investment, goods and services, SET Group, Capital Market Research Institute, or Money Channel's activities and responds to problems about members' services etc.
- **TSD Call Center** (via telephone number 0-2229-2888 and TSDCallCenter@set.or.th) provides information about registrar services and provident funds, e-Dividend Service, information on shareholders via the internet portal); transferring or reissuing replacement documents (in case of lost documents), including checking earnings of provident funds via interactive voice response service and the website on www.tsd.co.th.

In 2012, SET provided outside recipients with 312,014 items of information and improved the "Contact us" section of the SET website through giving contact information for each SET function, thus helping to fill the information needs of investors, listed companies, members, custodians, asset management companies and the general public together with providing other services.

5. Responsibilities of the Board

5.1 Board structure

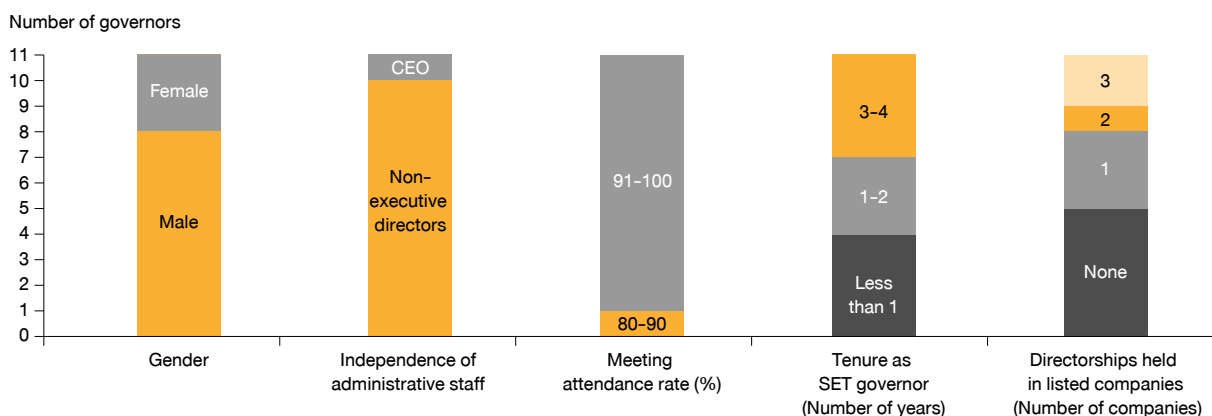
The Securities and Exchange Act requires that the membership structure of the BoG be as follows:

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

Currently, the SET BoG is comprised of 11 members with various skills, experience, and expertise that are useful to the SET.

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

In addition, Sakkarin Ruamrangsri, the senior vice president and head of the SET Legal Affairs Group, serves as BoG Secretary. The Corporate Secretary Department serves the board by providing legal advice, organizing meetings, taking care of board 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 performance indicators (KPIs) for the coming year and monitors the supervision of operations to ensure effective implementation of its plans within budget. The BoG evaluates and adjusts business plans in response to market changes. Management reports progress on operations and business outcome to the BoG every quarter.

(2) Assignments and separation of the Board and management

• Committee assignments

In 2012, BoG assigned members to twelve committees to assist the BoG, scrutinize SET corporate governance and carry out specialized tasks, e.g., the Audit, Nomination and Corporate Governance, Remuneration, and Risk Management Committees. All SET committees act independently in carrying out their duties as assigned by the BoG (for a list of committees and their duties, please see page 78)

• Separation of the BoG and the president

The SET has clearly segregated roles in policy formulation and oversight from those in day-to-day operations management. The chairman is a non-executive director, is not the same person as the president and has no relationship with the management. The roles of chairman and the president are separated to ensure a balance of power. The chairman manages the business of the Board and monitors the translation of the Board's decisions into executive action. In addition, he provides close oversight, guidance, advice and leadership to the president and management but does not intervene with any routine activities under the president's responsibilities.

Roles and responsibilities of the Board	Roles and responsibilities of the president
<ul style="list-style-type: none"> • Establish SET strategic policies and direction and monitor the supervision of operations to ensure effective implementation and compliance with related rules and regulation. • Approve the strategic plan, budget, and manpower. • Appoint the SET president and executive management • Ensure the adequacy and effectiveness of accounting, financial reporting, internal control, internal audit, corporate governance, and risk management systems. • Delegate authority to operations to ensure that operations are conducted with effectiveness and proper internal control. 	<ul style="list-style-type: none"> • SET's president is the highest executive responsible for managing the SET's business in compliance with laws, rules and regulations, strategic directions and implementing Board decisions. • Report progress of SET operations against SET's strategic plan to the Board quarterly. • In working with third parties, the president, as the SET's representative, may delegate authority following guidelines or rules and regulations determined by BoG.

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. BoG has approved procedures for delegation of authority, e.g.:

- For fixed assets and operating expenditures within the budget approved by the Board. Budgets over THB 2 million shall be approved by the Board,
- For investments or procurement not exceeding THB10 million. Investments or procurement over THB 5 million shall be reported to the Board quarterly.

(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. Results of succession planning shall be reported for Board acknowledgement regularly.

As SET's senior executive of the Market Operation Division retired on January 1, 2013, SET nominated a successor for BoG approval on May 1, 2012. As a result, SET had a successor for this important position to ensure continuity in management and operation.

(4) Corporate governance

BoG approved the SET CG policies and Code of Conduct to maintain the standards of SET Group operations and assigned the Nomination and Corporate Governance Committee to review the CG policies and guidelines and report to the Securities and Exchange Commission regularly.

- **SET CG policies** are based mainly on CG guidelines of the Organization for Economic and Co-Operation and Development and partly on the Principles of Good Corporate Governance for Listed Companies. The BoG expects that SET directors, management and employees will perform their duties strictly following SET business ethical values so that SET Group will raise SET CG policy and practices to international standards and serve as a role model for other organizations /institutions in the Thai capital market.

- **The SET Code of Conduct** has been set out for SET Governors, committees, advisors and employees to acknowledge and agree to adopt its principles as their own in performing their duties for SET by signing the Code of Conduct prior to beginning work.

The Compliance unit has been appointed by SET to receive information and complaints of behavior or any incident which may go against the Code of Conduct. To give fair treatment to all concerned parties, the process of whistle-blowing or protecting complainers and/or investigators has been identified explicitly in Code of Conduct and SET website.

In 2012, there was no complaint involving wrongdoing or business malpractices by SET governors, management or staff that went against SET CG policies or Code of Conduct.

- **Confidentiality and data usage** BoG recognizes the confidentiality of SET information and the protection against conflicts of interest by not using confidential information dishonestly. SET includes these principles into its Code of Conduct for governors and staff to comply with strictly, e.g., not exploiting SET confidential information to seek benefit in bad faith, maintaining SET confidentiality so that documents or information will not leak, resulting in damage to SET; or not disclosing SET information even after leaving SET. In 2012, SET implemented the Data Leak Prevention process, which is a tool for controlling publication of information and protecting confidentiality.

- **Trading of SET-listed securities by SET governors and employees** SET governors and employees must not exploit confidential information during the course of their work or misuse their authority or position in their trading of listed securities. The BoG has notified SET governors and employees of the practices that they are required to follow in the acquisition and disposition of such securities. Governors must report on securities held in their own accounts 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.

In 2012, there was no case involving a Board member or SET employee for violation of SET rules and regulations or using insider information or misusing authority in securities trading.

- **Policies and guidelines on conflict of interests.** To guide all SET staff to 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. If the president is the person in question, he/she must seek prior approval from the chairman.,
- disclosing in writing any relationship, both direct and indirect, with any person involved before engaging in transactions with SET, and to abstain from participating in the procurement process.

SET senior executives serving as directors or on committees of other companies as of December 31, 2012 were as follows:

SET senior executives		Positions served in other companies
1. Nongram Wongwanich	Executive Vice President	Director, Thailand Securities Finance Corporation
2. Sornkawee Puranachoti	Senior Vice President	Director, Government Savings Bank

- **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.

In 2012, BoG meeting dated July 18, 2012 approved the revision of the SET Corporate Governance policy, SET Code of Conduct and practices on the acquisition and disposition of SET-listed securities by SET governors and employees to be more explicit and in conformity with international standards of good CG as follows:

Highlights of revised SET CG policies		
SET CG policy and Code of Conduct	To the extent that policies are in conformity to guidelines, mainly review and revise the treatment of stakeholders and responsibilities of the Board, e.g.	
	Treatment of stakeholders	Responsibilities of the Board
	<ul style="list-style-type: none"> • Anti-corruption policy • Human rights policy • Intellectual property policy • Conducting business under environmental standards policy • Practices on acquisition and disposition of SET-listed securities* • Policies and guidelines on treatment of competitors • Policies and guidelines on treatment of creditors • Policies and guidelines on treatment of counterparties* • Gift policy* 	<ul style="list-style-type: none"> • Policy of Board members serving other companies • Policy of the president or other senior executives serving in other companies* • Reporting of conflict of interests of Board members
* Revised policy to be consistent with CG best practices.		
Practices on acquisition and disposition of SET-listed securities by SET governors and employees	Revision of the definition of “listed securities” and adding the “Prohibition for employees who work closely to insider information”, in order to be more explicit and effective. For details, please see SET’s websites under the topic of “SET CG Principles”.	

(5) Internal control system

Realizing the importance 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 controls 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 Audit Committee is subject to approval, removal or dismissal and evaluates the Head of the Internal Audit Department.

The Internal Control is an independent unit to assess information needed for auditing, and audits and evaluates 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 reports on following the audit findings have been directly reported to the Audit Committee.

In 2012, SET's operations and activities supported SET's internal audit system development and internal auditing to be more effective, as follows:

- SET developed a new system for investors to trade more easily and effectively. SET emphasizes system development that meets international standards, with continuous testing and pre-implementation reviewing by SET's Internal Audit Department to ensure a smooth launch. On September 3, 2012, SET launched its new trading system (SET CONNECT) successfully.
- SET reviewed and revised its security policies to keep up with the changing surroundings, IT usage, and ISO/ international standards to set guidelines to enable computer systems to continue to operate effectively and safely. In addition, SET will become ISO/IEC27001-certified within 2013.
- The Internal Audit Department has implemented continuous auditing, increasing the frequency of auditing, number of samples and variety of projects to support SET's operation more effectively.
- The Internal Audit Department has continuously developed the quality of its work by attending training and development courses and improving its staff's IT audit skills e.g., using web applications and penetration testing and visiting other exchanges.
- SET requires for a quality assessment reviewed by an external evaluator every five years. In 2012, the Internal Audit Department improved its planning and auditing process along with implementing suggestions from the external independent evaluator in 2011.

Based on internal audit results, as well as the importance of projects audited, the Audit Committee views that SET's overall internal control systems have functioned adequately, appropriately and satisfactorily. **(The details are in the Audit Committee report)**

(6) Risk Management

The BoG emphasizes the importance of systematic risk management. 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 and experienced 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. In addition, the RMC advises on clearing risk of derivatives and securities of Thailand Clearing House (TCH) to give the BoG an overall view of risk exposure and management of SET as a whole. SET has managed the key corporate risks in these areas:

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

Risk owners, being those who manage SET operations in different functions, are responsible for identifying and assessing key corporate risks in accordance with specified criteria. SET's risk is managed by risk owners, who identify and assess risk in accordance with specified criteria, provide measures to manage the risk within an acceptable level, and monitor as well as reports on the status of these risks. In addition, risk owners regularly review the adequacy and efficiency of mitigation measures to ensure that SET can handle incidents in timely manner. Thus in SET's introduction of its trading system SET CONNECT, the BoG, Audit Committee and Risk Management Committee recommended steps to be taken to manage risk prior to launching the system.

Risk management Unit (RMU) coordinates and facilitates risk owners in implementing risk management activities by:

- Establishing a Business Continuity Plan, with regular reviews; updating BCP documents and conducting exercises annually with all related participants in the Thai capital market. As disasters may occur at any time, SET acknowledges the importance of preparing the staff and operations for both its main and alternate sites. SET also conducted back-up system testing with member companies to ensure continuous securities trading system if any disruption affected its main sites.
- Regularly monitoring and reporting on organizational risk status in all functions to the BoG and RMC for acknowledgement. In addition, in 2012, the RMU monitored and reported on progress in implementing the recommendations of Oliver Wyman, a consultant firm specializing in risk management, on SET's Operations Master Plan for 2012, which included sections on risk governance and clearing risk.
- Continually inculcating a risk management culture among SET executives and employees.
- Reporting on risk operations to the RMC no less than quarterly and Audit Committee quarterly.

Based on all of the above activities, the BoG concludes that SET has adequately conducted key corporate risk management activities **(For details on the SET Group's risk management activities, please see the risk management policy sections).**

(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's preparation and disclosure process was established to ensure that all information is correctly and adequately disclosed in accordance with generally accepted accounting principles and standards and truly reflected SET's actual financial status and operating results. The financial report was audited by an independent external auditor and approved by the Audit Committee prior to submission to the BoG.

SET Group applied accounting policies which were suitable for its business operations. In addition, SET took into account the issues raised by the external auditor which might have impaired the internal control system and the reliability of the financial statements and adopted its recommendations as appropriate in light of cost-benefit analysis. **(The Audit Committee's opinion as stated in that 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 of the meeting schedule for the coming year, so that governors and executives are given ample notice and can attend as many meetings as possible. Special meetings are convened as necessary.

(2) The chairman and the president review and approve the agenda for Board meetings.

(3) The Corporate Secretary Department is responsible for preparing meeting notification letters, including the agenda, and distributing meeting documentation at least seven (7) days prior to each meeting to allow the governors sufficient time to consider 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.

(4) All governors are provided with adequate information and have access to additional information for decision-making. SET's Corporate Strategy and Development Division submits monthly updates on market status to the Board to keep the BoG abreast of its views on the market and capital market development, fund-raising of listed companies and development of Thai and global capital markets.

(5) The chairman presides over meetings, 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 2012, each meeting took about half a day.

(6) The BoG may invite senior management to discuss specified matters that they are directly responsible for and propose policies or principles to management for its suitable implementation. These discussions also give opportunities for considering succession planning to the BoG.

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

In 2012, there were 15 board meetings, including one in which non-executive directors were able to meet as necessary among themselves, without the management team present, to consider management operations. The average attendance rate was 95.15%, as shown below. The president also receives the results of board meetings.

Governor (All board members, except the president, are non-executive directors)			Attendance / Number of Meetings (times)			
			BoG (Total: 15 meetings)	Audit Committee (Total: 12 meetings)	Nomination and CG Committee (Total: 13 meetings)	Remuneration Committee (Total: 9 meetings)
Current Governors						
1.	Sompol Kiatphaibool	Chairman	15/15			
2.	Pattera Dilokrunghirapop	Vice Chairman	15/15		12/13	8/9
3.	Chaipatr Srivisarvacha	Governor ⁽¹⁾	10/10			
4.	Kaisri Nuengsigkapien	Governor	14/15	12/12	12/13	9/9
5.	Paiboon Nalinthrangkurn	Governor	12/15	11/12		
6.	Rapee Sucharitakul	Governor	14/15		12/13	8/9
7.	Sasitorn Phongsathorn	Governor ⁽²⁾	8/8		3/4	3/4
8.	Subhak Siwaraksa	Governor	14/15	12/12		
9.	Suthep Peetakanont	Governor ⁽¹⁾	10/10			
10.	Yothin Nerngchamnong	Governor ⁽²⁾	8/8			
11.	Charamporn Jotikasthira	President	14 ⁽⁵⁾ / 15		12/13	8/9
Governors whose terms ended during 2012						
1.	Aswin Kongsiri	Governor ⁽³⁾	5/5			1/2
2.	Chaipat Sahasakul	Governor ⁽³⁾	5/5			
3.	Somjate Moosirilert	Governor ⁽⁴⁾	7/7			
4.	Surabhon Kwunchaithunya	Governor ⁽⁴⁾	6/7		7/9	3/5

Notes : ⁽¹⁾ Appointed May 28, 2012.

⁽²⁾ Appointed August 11, 2012.

⁽³⁾ Term ended August 10, 2012.

⁽⁴⁾ Term ended May 27, 2012.

⁽⁵⁾ SET CG Principles required that the executive directors be absent from at least one board meeting to discuss operations of the company as a whole. The only executive director on SET BoG is the president. The agenda of this meeting is confidential.

5.4 Board self-assessment

The BoG undertakes an annual assessment of its own performance, to review the results from working, including problems and obstacles faced, and to enhance working efficiency including supporting CG practices. In 2012, the Nomination and Corporate Governance Committee reviewed the BoG's process of annual assessment, adding the assessment of SET's own CG and separating assessment of the chairman by the other BoG members from assessment of the BoG as a whole. The Nomination of Corporate Governance proposed the results of self-assessment of the whole BoG for BoG consideration. The assessment results of the chairman, the chairman of the Nomination and Corporate Governance reported the results of assessing the SET chairman to him.

Assessment of the performance of the BoG and the criteria for assessment were classified into eight sections:

Section 1	Strategy and business planning
Section 2	Risk management and Internal control
Section 3	Conflict of interests
Section 4	Corporate Governance*
Section 5	Delegation of Authority
Section 6	Preparation of BoG for meetings
Section 7	Meetings
Section 8	Assessment and succession planning for executives

Note : *In 2012, assessment of CG was added into the self-assessment form.

“For 2012, the average BoG score on a given section was 4.53/5.00, for a total of 90.60%” The BoG views that its performance is consistent with SET’s business plans, and that SET has proper and sufficient internal control systems, with regular auditing and reporting of audit results to the BoG. In additionally, SET promoted CG and the Code of Conduct in communicating with management and staff.

The main sections of self-assessment of BoG cover many areas, including encouraging governors to express their views, not trying to lead the BoG’s point of view, making clear-cut decisions and encouraging governors to consider minutes of prior meetings thoroughly prior to their approval.

In 2012, self-assessment of the SET committees, composed of the Audit, Remuneration and the Nomination and Corporate Governance Committees were reported to the BoG for acknowledgment.

5.5 Board and management remuneration

Subject to the provisions of the Securities and Exchange Act, the BoG chairman and other BoG 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 Remuneration Committee recommended the remuneration policies for individual members of the BoG to be considered by the BoG prior to being proposed to a meeting of member companies for approval, in accordance with the provisions of the Securities and Exchange Act, Section 177.

The Remuneration Committee also recommended that the remuneration policies and amount for individual members of other committees and the president and executive managements to be approved by the BoG. The annual performance assessment of the president and other members of executive management is clearly defined, which is to benchmark individual actual performance against their KPIs. 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 2012, Board and committee remuneration were:

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

- **Remuneration of directors**

Current Governors	Remuneration (THB)					Total
	BoG	Audit Committee	Nomination and CG Committee	Remuneration Committee	Other committees and boards of subsidiaries	
1. Sompol Kiatphaibool	5,844,000				225,000	6,069,000*
2. Pattera Dilokrunthirapop	936,000		180,000	100,000	400,000	1,616,000
3. Kaisri Nuengsigkapan	936,000	900,000	120,000	115,000		2,071,000
4. Chaipatr Srivisarvacha	546,000				70,000	616,000
5. Paiboon Nalinthrangkurn	936,000	600,000			10,000	1,546,000
6. Rapee Sucharitakul	936,000		120,000	80,000	211,000	1,347,000
7. Sasitorn Phongsathorn	390,000		30,000	30,000		450,000
8. Subhak Siwaraksa	936,000	600,000			30,000	1,566,000
9. Suthep Peetakanont	546,000				120,000	666,000
10. Yothin Nerngchamnong	390,000				75,000	465,000
11. Charamporn Jotikasthira	936,000					936,000
Governors whose term ended during 2012						
1. Aswin Kongsiri	546,000		70,000	30,000		646,000
2. Chaipat Sahasakul	546,000				55,000	601,000
3. Somjate Moosirilert	390,000			10,000		400,000
4. Surabhon Kwunchaithunya	390,000				105,000	495,000

Note : *The chairman's remuneration included THB 370,000 per month, as approved by the Annual General Meeting of member companies as being consistent with the additional roles and responsibilities designated by the BoG.

- **Management remuneration**

In 2012, SET's most senior executives—the president, five executive vice presidents and thirteen senior vice presidents, for a total of nineteen—were remunerated a total of THB 164,103,795 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 practice, business plans and an overview of SET's subsidiary companies. They receive handbooks describing their roles and responsibilities, covering information which they need to be familiar with.

In 2012, 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, seminars for developing the Thai capital market; a seminar that was a side event of the World Economic Forum on East Asia 2012 on "Redefining opportunities through the regions' connectivity"; a CEO forum: on the CEO's role for sustainable development, a seminar on "Joining in different visions of the Thai capital market" related to handling the world economic problems, strategies for business competitiveness in a global market and the concept of capital markets being centers for economic development. In 2012, a total of 10 governors visited the Australian Securities Exchange (ASX) and eminent financial institutions in Australia in order to enhance their knowledge and strengthen their relationships with participants in the Thai capital market.

The Audit Committee and the Chairman of Risk Management Committee, for a total of 4 governors, visited the Singapore Exchange (SGX) to learn more about the roles of their respective committees, thus promoting CG by bring the practice of their committees up to global standards.

Current governors	Training with the Thai Institute of Directors						
	Director Certification Program (DCP)	Director Accreditation Program (DAP)	The Role of The Chairman Program (RCP)	Chartered Director Class (CDC)	The Executive Director Course (EDC)	Financial Institutions Governance Program (FGP)	Role of the Compensation Committee (RCC)
1. Sompol Kiatphaibool (Chairman)			✓				
2. Pattera Dilokrunghthirapop	✓	✓	✓				
3. Kaisri Nuengsigkapien	✓*		✓ (2013)				
4. Chaipatr Srivisarvacha	✓		✓				
5. Paiboon Nalinthrangkurn	✓	✓					
6. Yothin Nerngchamnong	✓						
7. Rapee Sucharitakul	✓*		✓*	✓	✓ (2012)		✓*
8. Sasitorn Phongsathorn	✓	✓				✓	
9. Suthep Peetakanont	✓		✓				
10. Subhak Siwaraksa	✓	✓				✓	
11. Charamporn Jotikasthira (President)		✓					

* Note : * Designates Directors who were trainers for IOD.

Committees of The Stock Exchange of Thailand (SET)

* As of March 1, 2013

- | | |
|---|---|
| 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
1. Hiran	Radeesri	Chairman
2. Chokechai	Tanpoonsinthana	Member
3. Manop	Nagadatta	Member
4. Prasit	Kovilaikul	Member
5. 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
1. Kaisri	Nuengsigkapan	Chairman
2. Paiboon	Nalinthrangkurn	Member
3. 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, 2013 to December 31, 2013

	Name	Position
1. Hiran	Radeesri	Chairman
2. Pakorn	Malakul Na Ayudhya	Member
3. Pattareeya	Benjapolchai	Member
4. Warapatr	Todhanakasem	Member
5. 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, 2013 to December 31, 2014

Name		Position
1. Pattera	Dilokrunthirapop	Chairman
2. Rapee	Sucharitakul	Member
3. Suthep	Peetakanont	Member
4. Sutthi	Sookying	Member
5. 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, 2013 to December 31, 2013

	Name	Position
1. Direk	Sunthongate	Chairman
2. Seri	Chintanaseri	Member
3. Songdej	Praditsmanont	Member
4. Suthichai	Chitvanich	Member
5. 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, 2013 to December 31, 2013

	Name	Position
1. Sompol	Kiatphaibool	Chairman
2. Chalee	Chantanayingyong	Member
3. Kobkarn	Wattanavrangkul	Member
4. Nararat	Limnararat	Member
5. Paiboon	Nalinthrangkurn	Member
6. Payungsak	Chantsutipol	Member
7. Phongsak	Assakul	Member
8. Prasong	Pontaneat	Member
9. Pravej	Ongartsitigul	Member
10. Somchai	Sujjapongse	Member
11. Somprasong	Boonyachai	Member
12. Subhak	Siwaraksa	Member
13. Sunthorn	Arunanondchai	Member
14. Udom	Wongviwatchai	Member
15. Vatchari	Vimooktayon	Member
16. Yothin	Nerngchamnong	Member
17. 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
1. Pattera	Dilokrunghirapop	Chairman
2. Kaisri	Nuengsigkapien	Member
3. Rapee	Sucharitakul	Member
4. Sasitorn	Phongsathorn	Member
5. 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.
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 CMDP.
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, 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
1. Kaisri	Nuengsigkapien	Chairman
2. Pattera	Dilokrunghirapop	Member
3. Rapee	Sucharitakul	Member
4. Sasitorn	Phongsathorn	Member
5. The SET President		Member

Responsibilities of the Remuneration Committee are:

1. To review the remuneration system of the Exchange Function and CMDF Function, 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, 2013 to December 31, 2013

	Name	Position
1. Rapee	Sucharitakul	Chairman
2. Anya	Khanthavit, PhD	Member
3. Ruchukorn	Siriyodhin	Member
4. Somkiat	Sirichatchai	Member
5. Suthep	Peetakanont	Member
6. Yothin	Nerngchamnong	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, 2013 to December 31, 2013

Name		Position
1. Sompol	Kiatphaibool	Chairman
2. Prateep	Tangmatitham	Member
3. Somjate	Moosirilert	Member
4. Suthep	Peetaknont	Member
5. Wichai	Poolwaraluk	Member
6. Yothin	Nerngchamnong	Member
7. 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 Services Department

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

Term : January 1, 2013 to December 31, 2013

Name		Position
1. Yothin	Nerngchamnong	Chairman
2. Mongkon	Leelatum	Member
3. Chaipatr	Srivisarvacha	Member
4. Pornpring	Suksantisuwan	Member
5. The Director CMDF Office responsible for the Assets Management		Member
6. 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, 2013 to December 31, 2013

	Name	Position
1. Vallobh	Vimolvannich, PhD	Chairman
2. Pattera	Dilokrunthirapop	Member
3. Sansern	Nilrat	Member
4. Somkid	Jiranuntarat	Member
5. Wittaya	Watcharawittayakul	Member
6. The SET President		Member
7. The SET executive responsible for Market		Member
8. The SET executive responsible for Markets Operation		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, CPA, with Mr. Paiboon Nalinthrangkurn and Mr. Subhak Siwaraksa as members.

The Committee held twelve meetings in 2012, 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

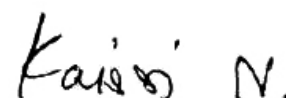
The Committee has performed their duties and exercised due authority under the scope of authority and responsibilities assigned by the Board as set out on page 79. The Committee has formally reported on all matters within its duties and responsibilities to the Board on a quarterly basis. A summary of 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 2012 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 the head of the Enterprise Risk Management unit on a quarterly basis. Annually, the Committee also met with the Risk Management Committee to ensure that the audit plan was established in line with corporate risk to give the best benefit to SET. The Committee has emphasized SET's technology risk management and assigned the Internal Audit unit to review the new trading system's pre-implementation process. Meetings with executives of the Information Technology division were also held to ensure the efficiency and appropriateness of risk mitigation actions.
- **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, and the opinion of the external auditor. 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 reviewed the operations of the internal audit unit according to the approved annual plan and the evaluation showed that the objectives were achieved.

The Committee has also continually sought to provide recommendations on audit quality improvement. In 2012, the Committee oversaw the audit quality improvement plans according to the recommendations of the external qualified professional from the year 2011's Quality Assurance Review and supported continuous audit by using audit software to increase audit efficiency. In addition, the Committee continually oversaw the internal auditor professional development plan including short-period rotation of the internal auditor to work in another business department to understand the business there and oversea business trip to another exchange to share internal audit experiences.

- **Corporate governance (CG):** The Committee met with head of the Compliance unit quarterly to review that the SET governance process complied with SET's CG policy and Code of Ethics. 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 on "Whistleblowing policy"
- **Regulatory compliance:** The Committee met with executives responsible for this area 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 through the AC Self-Assessment form, which has been revised to be in line with the Securities and Exchange Commission's guidelines and international best practice.
- **Appointment of external auditors:** The Audit Committee reviewed the auditors' independence and performance in 2012 and recommended to the Board of Governors that PricewaterhouseCoopers ABAS Ltd. (PwC) be re-appointed as SET Group auditor for 2013 due to their professional practices, experience in discharging their duties and 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 Thai Financial Reporting Standards 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.

A handwritten signature in black ink, appearing to read "Kaisri N.", is positioned above the printed name.

(Kaisri Nuengsigkapan)
Chairperson, Audit Committee
February 18, 2013

Enterprise risk management

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

SET has also emphasized continuous improvement of enterprise risk management. In 2012, SET improved its risk governance to more closely adhere to best practices of leading international exchanges. Moreover, enhancing enterprise risk management will be one of SET's major strategic plans for 2013.

Strategic risk

SET has focused on strategic risk, covering those for launching products or services. SET has adapted its identifying, reviewing and monitoring systems to manage risks that may occur. In 2012, SET emphasized risk management of SET CONNECT, new trading system, which was launched in September. Risk management of this system included several tests with all related parties to ensure that it passed all essential criteria before starting implementation.

Operational risk

SET analyzes, evaluates, monitors 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 internal controls that have been in place through a Risk and Control Self-assessment (RCSA). Action plans are then formulated and monitored on regular basis.

SET analyzes, evaluates, monitors and manages risks that may affect crucial computer systems. This includes standard procedures of incident reports, root cause analysis and solution-finding in order to provide continuous services.

Financial risk

SET has divided financial risk into two categories: investment risk and credit risk, with the latter also being known as counterparty or clearing and settlement-related risk. The details are below.

Investment risks

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

SET manages investment risk by diversifying into several financial 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. SET invests in these instruments: mutual funds, government bonds, bank deposits, money market funds and corporate bonds with at least an "A" credit rating.

SET monitors the investment risk status of its portfolio and reports such status to the BoG and Risk Management Committee monthly to ensure that risk remains within acceptable levels.

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

Thailand Clearing House Co. Ltd. (TCH) acts as a central counterparty for all clearing members and to guarantee settlement of all transactions traded on SET and Thailand Futures Exchange. By so doing, TCH becomes a substitute seller to every buyer and substitute buyer to every seller, the so-called Novation process. Thus, as guarantor for every transaction, TCH is exposed to counterparty risk, and a sound and effective risk management framework is necessary for preventing losses and mitigating any that may occur.

Current risk management measures to reduce counterparty risk include setting qualifications of clearing members so that they have sufficient financial strength to handle their risk exposure, have robust risk management policies, measures, and systems and capable personnel. TCH monitors members' financial status and liquidity, overseeing trading activities and limits to ensure that each member's pending settlement value for equities and debts is in line with their financial status. If a member's risk exposure exceeds the specified limit, additional collateral is needed. 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. TCH has clearing funds as financial resources to reduce potential damage from member defaults in clearing and settlement of both the equity and derivatives markets. The clearing funds as of December 31, 2012 were THB 1,084 million for equity and THB 507 million for derivatives. Moreover, SET has clearing reserve funds of THB 2 billion for equity and THB 300 million for derivatives transactions to gain the confidence of investors in TCH's clearing and settlement system if an emergency arises.

In addition, to address liquidity risk in clearing and settlement, TCH has arranged overdraft lines of THB 3 billion and THB 400 million for equity and derivatives transactions, respectively, with commercial banks which act as settlement banks for clearing houses.

SET has continuously reviewed and improved its risk management measures and has chosen Oliver Wyman, a leading global management consulting firm, to strengthen its operations, covering trading, clearing and settlement, depository, registrar, and risk management. Oliver Wyman's results showed that overall TCH's risk management is in line with international standards both in preventing default and alleviating any damage done.

Last year, TCH extended its clearing and settlement services for USD futures and sector index futures. TCH regularly reviews margin rates, risk management measures, and collateral rates to handle potential losses arising from trading such products continuously. Furthermore, TCH has developed an intraday risk monitoring system to support its new trading and clearing systems, which is part of SET's plan to enhance its competitiveness.

Compliance risk

SET analyzes, evaluates, monitors and manages compliance risk, which covers the dangers of violating 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 SET strictly complies with all laws and regulations.

Business interruption risk

SET has a Business Continuity Plan (BCP) in place to ensure that SET's critical activities can be carried out without interruption in the event of traumatic events. In addition, BCP-related documentation is regularly reviewed and 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. SET emphasizes the preparedness of its staff and tests the systems of both its main and alternate sites with members, to ensure that trading can continue without disruption if a traumatic event occurs.



Management Discussion and Analysis

Overall

The operating results of SET Group for the years ended December 31, 2012 and 2011 were as follows:

(unit: THB million)	For the year ended December 31			
	2012	2011	Increase/(decrease)	
			Amount	%
Operating revenues	3,365	3,245	120	3.70
Other income	152	137	15	10.95
Investment income	982	752	230	30.59
Operating expenses	(2,599)	(2,545)	54	2.12
Contributions to The Stock Exchange of Thailand Foundation (“SOF”)	(454)	(359)	95	26.46
Income tax	(126)	(158)	(32)	(20.25)
Revenues over expenses	1,362	1,110	252	22.70

Revenues over expenses for the year ended December 31, 2012 increased by THB252 million, or 22.70%, in comparison with 2011. Operating revenues rose by THB 120 million, or 3.70%, mainly due to the increased revenue of securities market and technology services, while revenue of derivatives market decreased. The growth in securities market revenue was mainly due to rises in daily average trading value and market capitalization. Investment income rose by THB230 million, or 30.59%, mainly from interest income from the increase in investment principal. Operating expenses rose by THB54 million, or 2.12%, mainly due to the rise in total SEC fees, which are linked to the trading volume of equity instruments, while technology expenses increased because SET launched three new IT systems in September 2012 (SET CONNECT for trading, SET FEED for market data and SET WATCH for market surveillance). The contributions to the SOF increased by THB95 million, or 26.46%, because appropriation of one-third of revenues over expenses to SOF as profit increased.

1. Analysis of operating results

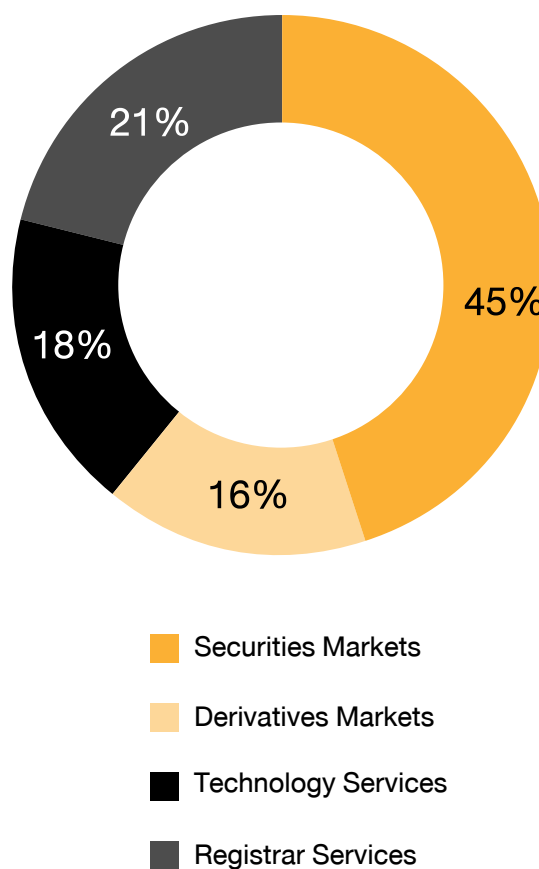
1.1 Operating revenues

Operating revenues by segment

Operating revenues by segment were mainly from Securities markets, Derivatives markets, Technology services and Registrar services.

For the year ended December 31, 2012	(unit: THB million)
Securities Markets	
- Trading fees	792
- Clearing and settlement	194
- Listing	314
- Depository	189
- Membership	31
Total	1,520
Derivatives Markets	
- Trading fees	321
- Clearing	138
- Membership	82
Total	541
Technology Services	
- Member services	372
- Information service	184
- IT support	49
Total	605
Registrar Services	
- Stock registrar	645
- Fund registrar	54
Total	699
Total operating revenues	3,365

Operating revenues by segment



1.1.1 Securities Markets

(unit: THB million)	2012	2011	Increase/(decrease)	
			Amount	%
Revenues - Securities Markets	1,520	1,328	192	14.46
Trading fees	792	719	73	10.15
Clearing and settlement fees	194	161	33	20.50
Listing fees	314	280	34	12.14
Depository fees	189	137	52	37.96
Membership fees	31	31	-	-
Key market indicators				
SET Index (Point)	1,391.93	1,025.32	366.61	35.76
Daily avg. trading value - Equity (THB million)	32,304	29,473	2,831	9.61
Market capitalization (THB billion)	11,964	8,490	3,474	40.92
No. of listed Securities (Securities)	1,048	848	200	23.58

Operating revenues from securities markets went up by THB192 million, or 14.46%, in comparison with 2011. This was mainly due to the rise in trading and clearing and settlement fees because daily average trading value went up. Listing fees increased as the number of derivative warrants traded increased to 345 securities, up from 166 securities in 2011. In addition, depository fees rose as average market capitalization went up.

1.1.2 Derivatives Markets

(unit: THB million)	2012	2011	Increase/(decrease)	
			Amount	%
Revenues – Derivatives Markets	541	682	(141)	(20.67)
Trading fees	321	415	(94)	(22.65)
Clearing fees	138	178	(40)	(22.47)
Membership fees	82	89	(7)	(7.87)
Key market indicators				
Daily avg. trading volume – Derivatives (Contracts)	43,823	41,145	2,678	6.51

Operating revenues from derivatives markets decreased by THB141 million, or 20.67%, in comparison with 2011. Although the daily average trading volume of derivatives market as a whole increased, the volume of SET50 Index Futures and 50 baht gold futures, which have higher fees than other types of derivatives, decreased. This drop was because gold price volatility declined in 2012 compared to 2011, and so investor interest in gold futures lessened. In addition, SET gave promotional discounts for these two products.

1.1.3 Technology services

(Unit: THB million)	2012	2011	Increase/(decrease)	
			Amount	%
Revenue – Technology Services	605	564	41	7.27
Member services fees	372	352	20	5.68
Information service income	184	172	12	6.98
Customization and IT support fees	49	40	9	22.50

Operating revenues from technology services went up by THB41 million, or 7.27%, in comparison with 2011. This was mainly because revenues from internet trading of equity securities through SETTRADE.COM Co., Ltd. rose as trading value of equities went up. Information service income increased because the number of users rose.

1.1.4 Registrar services

(Unit: THB million)	2012	2011	Increase/(decrease)	
			Amount	%
Revenue – Registrar services	699	671	28	4.17
Stock registrar fees	645	621	24	3.86
Fund registrar fees	54	50	4	8.00

Operating revenues from registrar services rose by THB28 million, or 4.17%, in comparison with 2011. This resulted from the rise in number of listed securities and in the capital of listed companies.

1.2 Other income

(Unit: THB million)	2012	2011	Increase/(decrease)	
			Amount	%
Other income	152	137	15	10.95
Educational activities income	32	41	(9)	(21.95)
Revenues from marketing event	26	4	22	550.00
Revenues from fund management	20	14	6	42.86
Others	74	78	(4)	(5.13)

Other income rose by THB15 million, or 10.95%, in comparison with 2011. This was mainly from a boost in revenues from marketing events, such as SET in the City (in 2011, SET had almost no marketing activities due to widespread flooding). In addition, revenues from fund management for margin deposits and clearing fund of the Thailand Clearing House Co., Ltd. increased, while income from educational activities dropped because training and examination for licensing of securities professionals has been transferred from the Thailand Securities Institute (TSI) to various professional associations. TSI will still be responsible for setting standards of expertise for the capital market.

1.3 Investment income

(Unit: THB million)	2012	2011	Increase/(decrease)	
			Amount	%
Investment income	982	752	230	30.59
Interest income	440	329	111	33.74
Dividend income	338	307	31	10.10
Realized gain from investments	181	125	56	44.80
Others	23	(9)	32	355.56

Investment income rose by THB230 million, or 30.59%, in comparison with 2011. This was mainly because investment principal and market interest rates both rose. Dividend income and realized gain from investments went up as equity prices rose. In addition, provision of investment in private equity has been reversed and unrealized gain from private fund went up.

1.4 Operating expenses

(Unit: THB million)	2012	2011	Increase/(decrease)	
			Amount	%
Operating expenses	2,599	2,545	54	2.12
Employee benefit expenses	1,084	1,102	(18)	(1.63)
SEC fees	334	301	33	10.96
Depreciation and amortization	185	195	(10)	(5.13)
Technology expenses	149	137	12	8.76
Marketing expenses	134	104	30	28.85
Fees and compensation expenses	76	57	19	33.33
Other expenses	637	649	(12)	(1.85)

SET Group had operating expenses in 2012 of THB2,599 million, increasing 2.12% from 2011. This was mainly from rises in total costs of SEC fees, which are linked to the trading value of equities. Technology expenses increased from launching of SET's new trading system on September 2012 (SET CONNECT, market data system and the market surveillance system). Marketing expenses increased from SET in the City (in 2011, SET had almost no marketing activities due to widespread flooding). Fees and compensation expenses rose due to consulting fees for SET's Operations Master Plan, while depreciation and amortization decreased mainly due to the revised useful life of assets, especially on hardware and software.

2. Analysis of financial position

(Unit: THB million)	Dec 31, 2012	Dec 31, 2011	Increase/(decrease)	
			Amount	%
Total assets	29,935	27,019	2,916	10.79
Total liabilities	10,451	9,151	1,300	14.21
Fund balances	19,484	17,868	1,616	9.04

Significant movements in assets, liabilities and funds of SET Group as at December 31, 2012 when compared with balances as at December 31, 2011 were as follows:

2.1 Analysis of assets

As at December 31, 2012, total assets of SET Group amounted to THB29,935 million, an increase of THB2,916 million, or 10.79%, in comparison with balance as at December 31, 2011. Details are as follows:

2.1.1 Cash and cash equivalents, cash at banks for financial benefits payable and investments were THB16,694 million or 55.77% of total assets, up by THB1,547 million, or 10.21%. as follows:

(Unit: THB million)	Dec 31, 2012	Dec 31, 2011	Increase/(decrease)	
			Amount	%
Cash and cash equivalents	1,046	365	681	186.58
Cash at banks for financial benefits payable	58	-	58	N/A
Investment portfolio	15,590	14,782	808	5.47
Trading	1,438	1,235	203	16.44
Available-for-sale	3,356	4,003	(647)	(16.16)
Held-to-maturity	10,694	9,452	1,242	13.14
General investments	102	92	10	10.87
Total	16,694	15,147	1,547	10.21

SET Group maintains the policy to invest in several types of investment, i.e., debt (fixed deposits, government bonds, corporate debentures) and other instruments through mutual funds. In 2012, SET Group reduced the investment proportion of Available-for-sale and increased that of Held-to-maturity in order to reduce overall risk of total investment portfolio.

2.1.2 Assets for margin deposits and benefits and assets for clearing system protection and benefits were THB8,358 million or 27.92% of total assets, up by THB934 million or 12.58%. This represents margin deposits and benefits of Thailand Clearing House Co., Ltd, which rose as futures derivatives transactions went up.

2.1.3 Property and equipment and intangible assets were THB2,769 million, or 9.25% of total assets, up by THB128 million or 4.85%. This was mainly from the new trading system (SET CONNECT) launching in 2012 and construction of new office building.

2.2 Analysis of liabilities

As at December 31, 2012, total liabilities of SET Group amounted to THB10,451 million, up by THB1,300 million, or 14.21%, in comparison with the balance as at December 31, 2011. Significant details are as follows:

2.2.1 Margin deposits and assets for clearing system protection and benefits payable were THB8,231 million, or 78.76% of total liabilities, up by THB930 million, or 12.74%, due to the increase of futures derivatives transactions.

2.2.2 Accounts payable and accrued expenses were THB876 million, or 8.38% of total liabilities, up by THB183 million or 26.41%. This rise was mainly because contributions to The Stock Exchange of Thailand Foundation increased by THB95 million from 2011 and accrued expenses of SEC fees went up by THB34 million.

2.2.3 Other current liabilities were THB670 million or 6.41% of total liabilities, up by THB164 million or 32.73%. This rise was mainly from refunds for unallotted NVDRs of THB215 million, while donations to the Thai Stock Market and Capital Market Academy Flood Relief Funds, which SET was the agent for, dropped by THB85 million (other current assets decreased by the same amount).

2.3 Analysis of funds

As at December 31, 2012, total funds of SET Group amounted to THB19,484 million, up by THB1,616 million, or 9.04%, in comparison with the balance as at December 31, 2011. This resulted from revenues over expenses for 2012 reaching THB1,362 million, while the market price of available-for-sale securities rose to THB248 million.

3. Analysis of liquidity

Cash flows of SET Group for the year ended December 31, 2012 and 2011 are summarized as:

(Unit: THB million)	2012	2011	Increase/(decrease)	
			Amount	%
Cash flows from operating activities	621	512	109	21.29
Cash flows from investing activities	118	(651)	769	118.13
Cash and cash equivalents at the end of year	1,104	365	739	202.47

Cash and cash equivalents at December 31, 2012 amounted to THB1,104 million, up by THB739 million, or 202.47%. The details of the sources and uses of funds are as follows:

- Net cash receipts from operating activities were THB621 million. This was from cash received from operating activities of THB675 million and the change in working capital of THB54 million.
- Net cash receipts from investing activities were THB118 million. This was mainly from returns on investment increased.

Report of the Board of Governors' Responsibility for Financial Statements

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

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

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

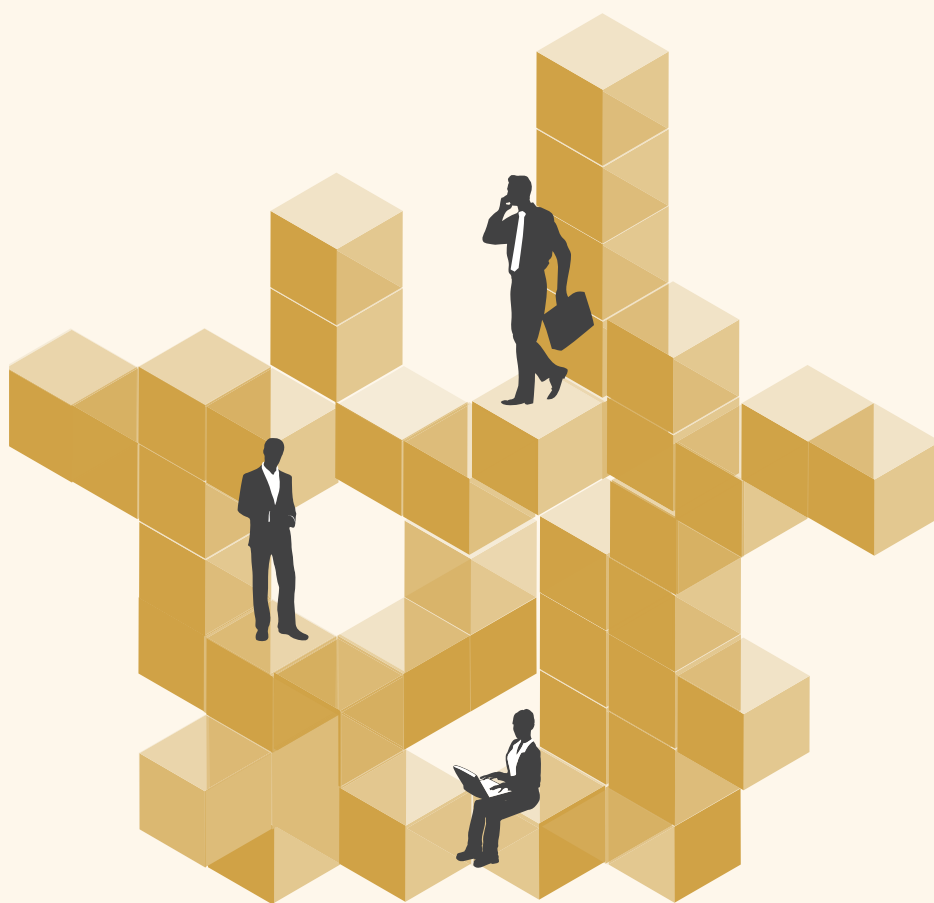
The Board of Governors is of the opinion that the SET's overall internal control system has functioned at a satisfactory level and rendered credibility and reliability to the SET and its subsidiaries' financial statements for the year ending December 31, 2012.



(Mr. Sompol Kiatphaibool)
Chairman



(Mr. Charamporn Jotikasthira)
President



Match opportunities and financial strength

Build trust in solid financial stability
with transparent disclosure that meets international standards
For the financial stability of the Thai capital market



Auditor's Report

To the Members of The Stock Exchange of Thailand

I have audited the accompanying consolidated and entity financial statements of The Stock Exchange of Thailand and its subsidiaries and of The Stock Exchange of Thailand which comprise the consolidated and entity statements of financial position as at 31 December 2012, and the related consolidated and entity statements of comprehensive revenues and expenses, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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 of The Stock Exchange of Thailand and its subsidiaries and of The Stock Exchange of Thailand as at 31 December, and its consolidated and entity results of operations and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



Nattaporn Phan-Udom

Certified Public Accountant (Thailand) No. 3430

PricewaterhouseCoopers ABAS Ltd.

Bangkok

20 February 2013

Statements of Financial Position

The Stock Exchange of Thailand and its Subsidiaries
As at 31 December 2012 and 2011

(Unit : Baht'000)

	Notes	Consolidated		SET	
		2012	2011	2012	2011
Assets					
Current assets					
Cash and cash equivalents	7	1,045,674	364,643	769,867	221,981
Cash at banks for financial benefits payable		57,906	-	-	-
Assets for margin deposits and benefits	17	6,810,073	6,053,018	-	-
Short-term investments, net	8	7,275,683	9,452,678	7,238,663	8,614,168
Accounts receivable and accrued income, net	6, 9	293,969	214,109	269,162	421,252
Accrued interest receivable		138,852	101,948	134,565	94,474
Other current assets	6, 10	453,255	316,068	193,712	282,611
Total current assets		16,075,412	16,502,464	8,605,969	9,634,486
Non-current assets					
Investments in subsidiaries	11	-	-	597,291	597,291
Investments in jointly-controlled entity, net	12	76,359	58,495	25,000	25,000
Investments in associates, net	13	497,907	495,307	396,605	396,605
Long-term investments, net	14	8,314,525	5,329,372	8,265,430	5,308,512
Assets for clearing system protection and benefits	18	1,548,357	1,371,232	127,033	122,862
Securities Investor Protection Fund	22	651,101	617,837	651,101	617,837
Property, plant and equipment, net	15	2,450,435	2,417,568	2,447,531	2,411,896
Intangible assets, net	16	318,113	223,104	315,440	218,753
Refundable deposits		2,888	3,228	2,878	3,218
Total non-current assets		13,859,685	10,516,143	12,828,309	9,701,974
Total assets		29,935,097	27,018,607	21,434,278	19,336,460

Statements of Financial Position (cont.)

The Stock Exchange of Thailand and its Subsidiaries
As at 31 December 2012 and 2011

(Unit : Baht'000)

	Notes	Consolidated		SET	
		2012	2011	2012	2011
Liabilities and fund balances					
Current liabilities					
Margin deposits and benefits payable	17	6,810,073	6,053,018	-	-
Accounts payable and accrued expenses	6, 19	875,594	692,509	856,361	678,832
Fees received in advance		234,633	237,124	154,572	169,218
Short-term borrowings from subsidiaries	6	-	-	1,035,400	559,400
Current portion of provision for employee benefits	21	6,102	5,630	6,102	5,630
Other current liabilities	6, 20	669,675	505,895	273,524	332,769
Total current liabilities		8,596,077	7,494,176	2,325,959	1,745,849
Non-current liabilities					
Assets for clearing system protection and benefits payable	18	1,421,324	1,248,370	-	-
Contributions and benefits to Securities Investor Protection Fund	22	244,671	232,172	244,671	232,172
Provision for employee benefits	21	160,340	143,592	160,340	143,592
Other non-current liabilities		28,134	32,381	28,134	32,381
Total non-current liabilities		1,854,469	1,656,515	433,145	408,145
Total liabilities		10,450,546	9,150,691	2,759,104	2,153,994
Fund balances					
Funds	22	18,690,780	17,321,865	17,873,467	16,627,845
Unrealised gain on available-for-sale securities		793,769	546,049	801,707	554,621
Non-controlling interests	2	2	2	-	-
Total fund balances		19,484,551	17,867,916	18,675,174	17,182,466
Total liabilities and fund balances		29,935,097	27,018,607	21,434,278	19,336,460

Statements of Comprehensive Revenues and Expenses

The Stock Exchange of Thailand and its Subsidiaries
For the years ended 31 December 2012 and 2011

(Unit : Baht'000)

	Notes	Consolidated		SET	
		2012	2011	2012	2011
Revenues					
Operating revenues	24	3,364,915	3,244,912	1,330,239	1,202,854
Investment income, net	25	982,181	752,252	1,256,113	861,765
Other income	26	151,562	137,431	1,489,015	1,489,503
Total revenues		4,498,658	4,134,595	4,075,367	3,554,122
Expenses					
Employee benefit expenses	27	1,084,261	1,101,598	1,084,325	1,101,641
Directors' remuneration		19,610	18,739	18,960	18,089
Marketing expenses		134,293	103,988	134,170	104,074
Educational activity expenses		195,083	190,083	195,083	190,148
Direct service expenses		184,743	182,955	-	-
Building and office expenses		153,864	138,657	153,288	138,091
Technology expenses		149,125	137,202	143,555	136,277
SEC fees	28	333,726	300,851	331,726	298,851
Depreciation and amortisation	15, 16	184,670	194,830	180,852	187,227
Other expenses	29	159,587	176,305	154,917	167,002
Total expenses		2,598,962	2,545,208	2,396,876	2,341,400
Share of profit of investments in jointly-controlled entity (net of income tax)	12	26,432	19,990	-	-
Share of profit of investments in associates (net of income tax)	13	2,010	3,535	-	-
Revenues over expenses		1,928,138	1,612,912	1,678,491	1,212,722
Non-operating items					
Income derived from Securities Investor Protection Fund, net	23	14,083	13,368	14,083	13,368
Contributions to the Stock Exchange of Thailand Foundation	6	(453,634)	(358,937)	(453,634)	(358,937)
Revenues over expenses before income tax		1,488,587	1,267,343	1,238,940	867,153
Income tax		(126,354)	(157,680)	-	-
Revenues over expenses		1,362,233	1,109,663	1,238,940	867,153
Revenues over expenses for the years attributable to:					
Owners of the parent		1,362,232	1,109,662	1,238,940	867,153
Non-controlling interests	1	1	1	-	-
		1,362,233	1,109,663	1,238,940	867,153

Statements of Comprehensive Revenues and Expenses (cont.)

The Stock Exchange of Thailand and its Subsidiaries
For the years ended 31 December 2012 and 2011

(Unit : Baht'000)

	Notes	Consolidated		SET	
		2012	2011	2012	2011
Revenues over expenses		1,362,233	1,109,663	1,238,940	867,153
Other comprehensive revenues and expenses:					
Available-for-sale financial assets					
Unrealised gain (loss) recognised in fund balances		348,520	(205,400)	348,479	(205,280)
Transferred gain from sale		(101,390)	(153,590)	(101,390)	(153,590)
Share of gain (loss) in investments in associates	13	590	(391)	-	-
		247,720	(359,381)	247,089	(358,870)
Available-for-sale financial assets from					
Securities Investor Protection Fund, net	23	6,682	(1,113)	6,682	(1,113)
Total other comprehensive revenues and expenses		254,402	(360,494)	253,771	(359,983)
Total comprehensive revenues and expenses		1,616,635	749,169	1,492,711	507,170

Statements of Changes in Fund Balances

The Stock Exchange of Thailand and its Subsidiaries
For the years ended 31 December 2012 and 2011

(Unit : Baht'000)

Note	Consolidated										
	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	Fund balances	Non- controlling interests	Total fund balances
Opening balance as 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 revenue and expenses 23	-	-	-	-	1,720	12,255	1,094,575	(359,381)	749,169	-	749,169
Closing balance as 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
Opening balance as at 1 January 2012	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
Adjustment for SET building construction expenses	-	-	-	(340)	-	-	340	-	-	-	-
Total Comprehensive revenue and expenses 23	-	-	-	-	1,990	20,765	1,346,160	247,720	1,616,635	-	1,616,635
Closing balance as at 31 December 2012	2,000,000	300,000	100,000	7,769	99,913	406,430	15,776,668	793,769	19,484,549	2	19,484,551

(Unit : Baht'000)

	Note	SET								
		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
Opening balance as 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 revenues and expenses	23	-	-	-	-	1,720	12,255	852,065	(358,870)	507,170
Closing balance as 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
Opening balance as at 1 January 2012		2,000,000	300,000	100,000	8,109	97,923	385,665	13,736,148	554,621	17,182,466
Adjustment for SET building construction expenses		-	-	-	(340)	-	-	340	-	-
Total comprehensive revenues and expenses	23	-	-	-	-	1,990	20,765	1,222,867	247,086	1,492,708
Closing balance as at 31 December 2012		2,000,000	300,000	100,000	7,769	99,913	406,430	14,959,355	801,707	18,675,174

Statements of Cash Flows

The Stock Exchange of Thailand and its Subsidiaries
For the years ended 31 December 2012 and 2011

(Unit : Baht'000)

	Notes	Consolidated		SET	
		2012	2011	2012	2011
Cash flows from operating activities					
Revenues over expenses before income tax		1,488,587	1,267,343	1,238,940	867,153
Adjustments for :					
Depreciation and amortisation	15, 16	184,670	194,830	180,852	187,227
Investment income, net	25	(958,488)	(752,252)	(1,233,072)	(861,765)
Income derived from Securities Investor Protection Fund, net	23	(14,083)	(13,368)	(14,083)	(13,368)
Impairment losses of investments (reversal)		(17,866)	164	(17,866)	164
Doubtful debts expenses (reversal)		574	(1)	1,066	(1)
Provisions for employee benefits		23,003	42,152	23,003	42,152
Adjust work in process to expenses (revenues)		(2,365)	2,819	(2,337)	2,819
Gain on disposals of assets		(812)	-	(621)	-
Loss from written off assets		-	5,583	-	5,527
Share of profit of investments in jointly-controlled entity (net of income tax)	12	(26,432)	(19,990)	-	-
Share of profit of investments in associates (net of income tax)	13	(2,010)	(3,535)	-	-
		674,778	723,745	175,882	229,908
Changes in operating assets and liabilities					
(Increase) decrease in operating assets					
Assets for margin deposits and benefits		(757,055)	(2,441,003)	-	-
Accounts receivable and accrued income		(80,434)	(1,455)	151,024	(175,497)
Other current assets		(130,592)	(61,100)	90,425	(68,296)
Assets for clearing system protection and benefits		(177,125)	(314,263)	(4,171)	(2,764)
Securities Investor Protection Fund		(32,836)	(18,460)	(32,836)	(18,460)
Refundable deposits		340	3,754	340	3,754
Margin deposits and benefits payables		757,055	2,441,003	-	-
Accounts payable and accrued expenses		163,109	(91,684)	157,553	(93,597)
Fees received in advance		(2,491)	(9,636)	(14,646)	33,306
Other current liabilities		185,768	80,664	(59,245)	141,934
Assets for clearing system protection and benefits payables		172,954	311,499	-	-
Contributions and benefits to Securities Investor Protection Fund		12,499	7,373	12,499	7,373
Employee benefits paid	21	(5,826)	(13,468)	(5,826)	(13,468)
Other non-current liabilities		(4,247)	(4,530)	(4,247)	(4,530)
Cash flows generated from operating activities		775,897	612,439	466,752	39,663
Income tax paid		(154,843)	(100,257)	-	-
Net cash generated from operating activities		621,054	512,182	466,752	39,663

Statements of Cash Flows (cont.)

The Stock Exchange of Thailand and its Subsidiaries
For the years ended 31 December 2012 and 2011

(Unit : Baht'000)

		Consolidated		SET	
		2012	2011	2012	2011
Notes					
Cash flows from investing activities					
Investment income received		590,171	394,295	553,587	374,965
Dividend received		336,611	303,650	662,185	448,266
Purchase of short-term investments	8	(4,751,182)	(6,765,832)	(4,463,450)	(4,739,395)
Sale of short-term investments	8	4,377,279	4,671,474	3,275,047	4,340,541
Purchase of long-term investments	14	(1,769,618)	(1,975,736)	(1,728,418)	(1,975,716)
Sale of long-term investments	14	1,600,360	2,883,149	1,600,360	1,588,673
Purchase of property, plant and equipment		(132,938)	(85,108)	(132,938)	(85,108)
Sale of property, plant and equipment		12,299	2,244	11,452	2,244
Purchase of intangible assets		(168,754)	(101,560)	(168,754)	(101,560)
Proceeds from share of profit of investments in jointly-controlled entity		10,000	10,437	-	-
Benefits received from Securities Investor Protection Fund		13,655	12,200	13,655	12,200
Net cash generated from (used in) investing activities		117,883	(650,787)	(377,274)	(134,890)
Cash flows from financing activities					
Cash inflow on short-term borrowings from subsidiaries	6	-	-	561,000	29,000
Repayment of short-term borrowings from subsidiaries	6	-	-	(85,000)	-
Interest paid		-	-	(17,592)	(11,573)
Net cash generated from financing activities		-	-	458,408	17,427
Net increase (decrease) in cash and cash equivalents		738,937	(138,605)	547,886	(77,800)
Cash and cash equivalents at the beginning of the years		364,643	503,248	221,981	299,781
Cash and cash equivalents at the end of the years		1,103,580	364,643	769,867	221,981
Supplemental disclosures of cash flows information					
Cash and cash equivalents are as follows:					
Cash and cash equivalents	7	1,045,674	364,643	769,867	221,981
Cash at a bank for financial benefits payables		57,906	-	-	-
		1,103,580	364,643	769,867	221,981

Statements of Cash Flows (cont.)

The Stock Exchange of Thailand and its Subsidiaries
For the years ended 31 December 2012 and 2011

(Unit : Baht'000)

Notes	Consolidated		SET	
	2012	2011	2012	2011
Significant non-cash transactions				
Unrealised gain (loss) on available-for-sale securities	247,720	(359,381)	247,086	(358,870)
Unrealised gains (loss) on available-for-sale securities from Securities Investor Protection Fund	6,682	(1,113)	6,682	(1,113)
Other payables from purchase of assets	19,976	30,513	19,976	30,513
Provision for employee benefit	43	-	43	-
Reclassify investments from long-term to short-term	310,017	1,022,475	297,007	947,207

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

Notes to the Consolidated and Entity Financial Statements

The Stock Exchange of Thailand and its Subsidiaries
For the years ended 31 December 2012 and 2011

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 comprise 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 comprise the operation of trading and clearing of futures contracts and financial securities, providing other services related to futures trading transactions.
- 3) Technology services comprise the operation of internet trading platform for securities and derivatives, information services and other member services.
- 4) Registrar services comprise 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 20 February 2013.

Details of the SET's subsidiaries, associates and jointly-controlled entity as at 31 December 2012 and 2011 are as follows:

Name of entity	Type of business	Country of incorporation	Ownership interest %	
			2012	2011
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. (2)	Investment management in Depository Receipts	Thailand	99.99	99.99
Thailand Futures Exchange Public Company Limited (3)	Futures exchange centre	Thailand	99.99	99.99

Name of entity	Type of business	Country of incorporation	Ownership interest %	
			2012	2011
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	49.99	49.99
Associates				
Clearing Fund (4)	Fund	Thailand	16.56	17.71
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 2012, Thai Trust Fund Management Company Limited (“TTF”) has outstanding 3 mutual fund balances issued by TTF (2011 : 5 mutual funds). On 30 November 2011, the TTF’s Board of Directors approved the principal of withdrawal of funds issued by TTF, including various operations relating to the cancellation of TTF. In addition, the Boards delegated authority to the management to consider the dissolution of TTF. 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 2012 by using the going concern basis.

(2) Siam DR Company Limited

During 2011, all issued Depositary Receipts (DRs) were redeemed since they met the conditions for the redemption of shares as mentioned in the terms of the rights and duties of DRs of ordinary shares and convertible debentures. As a result, the SIAM DR Company Limited (“SDR”) does not have any securities outstanding.

On 22 October 2012, the management of SDR agreed in principle to dissolve the SDR and delegated authority to the management to consider the dissolution of the SDR. However, the operations relating to the dissolution depend on various factors. Therefore, the SIAM DR Company Limited prepared the financial statements as at 31 December 2012 by using the going concern basis.

(3) Thailand Futures Exchange Public Company Limited

On 4 April 2012, the Board of Directors of the Thailand Futures Exchange Public Company Limited (TFEX) approved an appropriation of Baht 100 million as an initial fund for the establishment of the Derivatives Investor Protection Fund (“DIPF”), which Baht 50 million is from the TFEX and not exceeding Baht 50 million is from the cumulative fees collected from the members.

The DIPF was formally established under the DIPF regulations on 15 November 2012. The objective of the fund is to protect derivative investors through the members of the DIPF. As at 31 December 2012, the DIPF had 37 members.

The assets of the DIPF consist of the initial fund from the TFEX, the membership entrance fees, the cumulative fees collected from the members, and the benefits generated from the DIPF assets, after deducting the fund’s operating expenses. The initial fund from the TFEX and the membership entrance fees will be charged from 2013 onwards.

(4) 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. Accounting policies

2.1 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 Financial Reporting 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 as disclosed in the accounting policy for investments below.

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 and entity financial statements are disclosed in Note 4.

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.

2.2 New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards and financial reporting standards

New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards and financial reporting standards that are not yet effective and have not been early adopted by the Group:

Effective for the periods beginning on or after 1 January 2013

TAS 12	Income taxes
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates
TFRS 8	Operating Segments
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

Effective for the periods beginning on or after 1 January 2014

TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TSIC 29	Service Concession Arrangements: Disclosure

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

- TAS 8 The standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply this standard from 1 January 2013. The expected impact is still being assessed in detail by management, but it appears likely that the number of reportable segments, as well as the manner in which the segments are reported, will change in a manner that is consistent with the internal reporting provided to the Chief Operating Decision-Maker.
- TAS 12 deals only with taxes on income, comprising current and deferred tax. Current tax expense for a period is based on the taxable and deductible amounts that will be shown on the tax return for the current year. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax accounting is based on the temporary differences between the tax base of an asset or liability and its carrying amount in the financial statements.

2.3 Investment in subsidiaries, jointly-controlled entity and associates

2.3.1 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.

2.3.2 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.

2.3.3 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 comprehensive 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 associates equal or exceed 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 on transactions are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

In the entity'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 comprehensive revenues and expenses.

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

2.4 Foreign currencies

Items included in an entity's 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 comprehensive 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 fund balance.

2.5 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.

2.6 Cash and cash equivalents

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

2.7 Investments

Investments other than investments in subsidiaries, associates and jointly-controlled entity are classified into the following four categories: (1) trading investments; (2) held-to-maturity investments; (3) available-for-sale investments; and (4) general investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

- (1) Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets.
- (2) Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for maturities within 12 months from the statement of financial position date which are classified as current assets.

- (3) Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale; and are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the statement of financial position date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.
- (4) Investments in non-marketable equity securities are classified as general investments.

All categories of investment are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Trading investments and available for sale investments are subsequently measured at fair value. The fair value of investments is based on quoted bid price at the close of business on the statement of financial position date by reference to the Stock Exchange of Thailand and the Thai Bond Dealing Centre. The unrealised gains and losses of trading investments are recognised in the statement of comprehensive revenue and expense. The unrealised gains and losses of available for sale investments are recognised in fund balances.

Held-to-maturity investments are carried at amortised cost using the effective yield method less impairment loss.

General investments are carried at cost less impairment loss.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the statement of comprehensive revenues and expenses.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss. When disposing of part of the Group's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

2.8 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 comprehensive revenues and expenses.

2.9 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 comprehensive 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	3 – 30 years
Furniture and fixtures	5 – 20 years
Office equipment	5 – 10 years
Vehicles	5 – 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 comprehensive 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 lives 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 comprehensive revenues and expenses.

2.10 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 comprehensive 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 comprehensive 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.

2.11 Impairment

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.12 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 comprehensive revenues and expenses over the period of the borrowings on an effective interest basis.

2.13 Trade and other accounts payable

Trade and other accounts payable are stated at cost.

2.14 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 comprehensive 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 rate, length of service and other factors. Actuarial gains or losses will be recognised as income or expense in the statement of comprehensive 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.

2.15 Provisions

Provisions are 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.

2.16 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 comprehensive revenues and expenses on a straight-line basis over the term of the lease. Lease incentives granted are recognised in the statement of comprehensive revenues and expenses as an integral part of the total rental income. Contingent rentals are charged to the statement of comprehensive 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.

2.17 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 comprehensive revenues and expenses when the Group's right to receive payment is established.

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

2.18 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).

2.19 Income tax

The Subsidiaries in the Group calculates income tax in accordance with the Revenue Code and records income tax on an accrual basis. The Subsidiaries in the Group do not recognise income taxes payable or receivable in future periods in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

3. Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk, liquidity risk and risk from investments and deposits. The Group's financial risk management programme focuses on investment management under investment policies and strategic asset allocation which is approved by the SET's Board of Governors and subsidiaries' Board of Director. The investment committees is strictly established to oversee the investment in compliance with the policies and strategic asset allocation defined. The investment policy aims on maintaining stability of the principal, while receiving the appropriate level of return.

3.1 Foreign exchange risk

The Group has no significant exposure to foreign currency risk relates due to its accounts receivable and accounts payable are mainly made in Thai Baht. The Group does not use any derivative financial instruments to hedge foreign currency exposure.

3.2 Interest rate risk

Interest rate risk arises from fluctuations in market interest rates which may affect the Group's operating results and cash flow. The Group has no significant interest rate risk. The market interest rate at the time of transaction and trend of the interest rate in the following year will be considered when the borrowing transaction is initiated. The Group does not have interest rate derivative in order to manage fluctuation of the interest rate.

3.3 Credit risk

The Group has no significant concentrations of credit risk. The Group has appropriate policies in place to ensure that Group sell products and provide services to customers who have appropriate credit history.

3.4 Liquidity risk

The Group has significant exposure to liquidity risk as the Group has sufficient cash to support its operations. The Group aims on maintaining flexibility of funding by using internal capital of the Group.

3.5 Risk from investments and deposits

The Group is exposed to market risks as the investor of 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 investment policy prescribed by the resolution of the investment committee.

The investment policies framework regarding types and proportion of investments are 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

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

4. Critical accounting estimates, assumptions and judgements

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

5. Capital risk management

The Group's objectives when managing capital are to safeguard the Subsidiaries in 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 Subsidiaries in the Group may adjust the amount of dividends paid to shareholders depending on their operating performance.

6. Related party transactions

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

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

Related party transactions for the years ended 31 December 2012 and 2011 were as follows:

(Unit : Baht'000)

	Consolidated		SET	
	2012	2011	2012	2011
Service income				
Subsidiaries	-	-	1,376,203	1,380,562
Jointly-controlled entity	13,560	13,305	13,542	13,285
Associates	1,128	949	-	-
	14,688	14,254	1,389,745	1,393,847
Purchase of services				
Subsidiaries	-	-	1,881	1,886
Jointly-controlled entity	168,952	168,232	168,952	168,232
	168,952	168,232	170,833	170,118
Interest income				
Subsidiaries	-	-	4,491	3,076
Jointly-controlled entity	-	711	-	711
	-	711	4,491	3,787
Interest expense				
Subsidiaries	-	-	17,591	11,177

Related party balances as at 31 December 2012 and 2011 were as follows:

(Unit : Baht'000)

	Consolidated		SET	
	2012	2011	2012	2011
Accounts receivable				
Jointly-controlled entity	352	596	352	596
Accrued income				
Subsidiaries	-	-	163,563	343,481
Jointly-controlled entity	427	411	427	411
Associates	101	-	-	-
	528	411	163,990	343,892
Other current assets				
Subsidiaries	-	-	133	-
Jointly-controlled entity	96	17	5,969	4,459
	96	17	6,102	4,459
Payables and accrued expenses				
Payables				
Jointly-controlled entity	275	258	275	258
Accrued expenses				
Subsidiaries	-	-	163	158
Jointly-controlled entity	14,764	13,867	14,764	13,867
	14,764	13,867	14,927	14,025
	15,039	14,125	15,202	14,283
Other current liabilities				
Subsidiaries	23	39	23	39

Short-term borrowings from subsidiaries

(Unit : Baht'000)

	Interest rate (% per annum)		SET	
	2012	2011	2012	2011
Short-term borrowings from subsidiaries	2.50	2.00	1,035,400	559,400

The Group uses 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 2012 and 2011 were as follows:

(Unit : Baht*000)

	SET	
	2012	2011
Subsidiaries		
Opening balance	559,400	530,400
Additions	561,000	29,000
Repayments	(85,000)	-
Closing balance	1,035,400	559,400

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.

For the year ended 31 December 2012, the SET appropriated its annual revenues over expenses of Baht 453.63 million (2011: Baht 358.94 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 ended 31 December 2012 amounted to Baht 19.61 million (2011: Baht 18.74 million).

7. Cash and cash equivalents

(Unit : Baht*000)

	Consolidated		SET	
	2012	2011	2012	2011
Cash on hand	352	562	336	546
Savings and current accounts	740,983	318,931	490,294	221,435
Fixed deposit accounts	299,339	45,150	279,237	-
Bills of exchange	5,000	-	-	-
	1,045,674	364,643	769,867	221,981

For the year ended 31 December 2012, saving accounts carried the interest at rates ranging from 0.20% – 2.40% per annum (2011: from 0.125% – 1.90% per annum).

As at 31 December 2012, fixed deposit accounts at banks represented fixed deposit accounts at call that carried the interest at the rates ranging from 2.50% – 2.75% per annum (2011: from 2.50% – 3.20% per annum).

As at 31 December 2012, bills of exchange at financial institutions represented bills of exchange at call that carried the interest at the rate of 2.75% per annum (2011: nil).

8. Short-term investments, net

(Unit : Baht'000)

		Consolidated		SET	
	Note	2012	2011	2012	2011
Investments being managed by SET					
General investments		40,869	48,362	40,869	48,362
<u>Less</u> Allowance for impairment losses	14	(3,602)	(22,423)	(3,602)	(22,423)
		37,267	25,939	37,267	25,939
Trading securities		23	267,924	23	267,924
Held-to-maturity debt securities	14	4,997,134	6,855,074	4,960,114	6,162,314
		5,034,424	7,148,937	4,997,404	6,456,177
Investments being managed by private funds					
Held-to-maturity debt securities		803,544	1,069,150	803,544	1,031,815
Trading securities		1,437,715	1,234,591	1,437,715	1,126,176
		2,241,259	2,303,741	2,241,259	2,157,991
		7,275,683	9,452,678	7,238,663	8,614,168

Movements of short-term investments for the years ended 31 December 2012 and 2011 were as follows:

(Unit : Baht'000)

	Consolidated		SET	
	2012	2011	2012	2011
Opening balance	9,452,678	5,658,172	8,614,168	5,295,976
Purchases	4,751,182	6,765,832	4,463,450	4,739,395
Disposals	(4,377,279)	(4,671,474)	(3,275,047)	(4,340,541)
Reclassify from long-term investments	310,017	1,022,475	297,007	947,207
Adjustment	(2,879,736)	677,673	(2,879,736)	1,972,131
<u>Less</u> Allowance for impairment losses	18,821	-	18,821	-
Closing balance	7,275,683	9,452,678	7,238,663	8,614,168

Investments managed by the SET

For the year ended 31 December 2012, there was no outstanding balance of savings account (2011: rates ranging from 0.25% – 0.87% per annum).

As at 31 December 2012, fixed deposit accounts represented fixed deposit accounts at banks which had maturities not over 12 months and carried interest at rates ranging from 3.00% – 4.50% per annum (2011: from 1.75% – 4.50% per annum).

As at 31 December 2012, there was no outstanding balance of bills of exchange at financial institutions that had maturities within one year (2011: rates ranging from 3.00% – 4.60% per annum).

For the year ended 31 December 2012, 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.

As at 31 December 2012, investments in money market funds represent investments in one open-ended funds (2011: two open-ended funds). The investment policy emphasises investments in short-term debt securities.

As at 31 December 2012, government bonds, Bank of Thailand bonds, state enterprise bonds and debentures, which had coupon rates ranging from 3.05% – 5.50% per annum (2011: from 2.59% – 6.10% per annum) and market yields ranging from 2.78% – 3.36% per annum (2011: from 3.12% – 3.49% per annum).

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 as disclosed in Note 3 – Financial risk management. The Group presented investments managed by private funds as short-term investments.

For the year ended 31 December 2012, the return rates for investments managed by private funds ranged from 3.88% – 3.91% per annum (2011: from 2.28% – 2.96% per annum).

9. Accounts receivable and accrued income, net

(Unit : Baht'000)

	Note	Consolidated		SET	
		2012	2011	2012	2011
Accounts receivable					
Related parties	6	352	596	352	596
Other parties		69,872	68,014	41,115	36,118
		70,224	68,610	41,467	36,714
<u>Less</u> Allowance for doubtful accounts		(19,806)	(19,232)	(9,718)	(8,652)
		50,418	49,378	31,749	28,062
Accrued income					
Related parties	6	528	411	163,990	343,892
Other parties		243,023	164,320	73,423	49,298
		243,551	164,731	237,413	393,190
		293,969	214,109	269,162	421,252

Aging analysis for accounts receivable is as follows:

(Unit : Baht'000)

	Note	Consolidated		SET	
		2012	2011	2012	2011
Related parties					
Within credit terms		205	596	205	596
Overdue:					
Less than 3 months		147	-	147	-
	6	352	596	352	596
Other parties					
Within credit terms		33,566	36,679	17,178	21,703
Overdue:					
Less than 3 months		15,465	9,075	13,289	2,983
3 - 6 months		1,296	2,098	1,155	1,851
6 - 12 months		947	686	859	679
Over 12 months		18,598	19,476	8,634	8,902
		69,872	68,014	41,115	36,118
<u>Less</u> Allowance for doubtful accounts		(19,806)	(19,232)	(9,718)	(8,652)
		50,066	48,782	31,397	27,466
		50,418	49,378	31,749	28,062

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

10. Other current assets

(Unit : Baht'000)

	Consolidated		SET	
	2012	2011	2012	2011
Refund for unalloted NVDRs	214,871	-	-	-
Thai Stock Market Flood Relief Fund	120,015	179,906	120,015	179,906
Loans to employees	44,220	45,994	44,220	45,994
Dividend payable to unitholders	41,080	36,249	-	-
Prepaid expenses	14,450	19,138	14,298	18,988
Inventory - publication	3,901	3,766	3,901	3,766
Dividend receivables	51	-	5,925	4,442
Capital Market Academy Flood Relief Fund	-	26,222	-	26,222
Others	14,667	4,793	5,353	3,293
	453,255	316,068	193,712	282,611

11. Investments in subsidiaries

Investments in subsidiaries as at 31 December 2012 and 2011, and dividend income for the years then ended were as follows:

(Unit : Baht'000)

	Ownership interest %		SET					
			Paid-up capital		Cost method		Dividend income	
	2012	2011	2012	2011	2012	2011	2012	2011
Subsidiaries								
Thailand Securities Depository Co., Ltd.	99.99	99.99	200,000	200,000	200,000	200,000	190,000	72,000
Thai Trust Fund Management Co., Ltd.	99.99	99.99	100,000	100,000	100,000	100,000	-	-
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	58,799	20,400
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	67,000	20,000
Thailand Clearing House Co., Ltd.	99.99	99.99	100,000	100,000	102,700	102,700	-	22,000
			600,000	600,000	597,291	597,291	315,799	134,400

12. Investments in jointly-controlled entity, net

(Unit : Baht'000)

	Consolidated		SET	
	2012	2011	2012	2011
Jointly-controlled entity				
Opening balance	58,495	44,500	25,000	25,000
Dividend received	(14,442)	(10,437)	-	-
Dividend income	5,874	4,442	-	-
Share of net profit from investment under equity method	26,432	19,990	-	-
Closing balance	76,359	58,495	25,000	25,000

Investments in jointly-controlled entity as at 31 December 2012 and 2011, and dividend income for the years then ended were as follows:

(Unit : Baht'000)

	Ownership interest %		Consolidated					
			Paid-up capital		Equity method		Dividend income	
	2012	2011	2012	2011	2012	2011	2012	2011
Jointly-controlled entity								
Family Know-how Co., Ltd.	49.99	49.99	50,000	50,000	76,359	58,495	5,874	4,442

(Unit : Baht'000)

	Ownership interest %		SET					
			Paid-up capital		Cost method		Dividend income	
	2012	2011	2012	2011	2012	2011	2012	2011
Jointly-controlled entity								
Family Know-how Co., Ltd.	49.99	49.99	50,000	50,000	25,000	25,000	15,874	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 2012 and 2011 and for the years then ended which has been accounted for using the equity method represents the Group's share:

(Unit : Baht'000)

	Consolidated	
	2012	2011
Current assets	127,727	131,274
Non-current assets	58,877	28,163
Total assets	186,604	159,437
Current liabilities	33,673	42,264
Non-current liabilities	6,062	4,620
Total liabilities	39,735	46,884
Total revenues	248,349	228,087
Total expenses	171,563	158,954
Total comprehensive income	58,758	44,421

13. Investment in associates, net

(Unit : Baht'000)

	Consolidated		SET	
	2012	2011	2012	2011
Associates				
Opening balance	495,307	492,327	396,605	396,769
Impairment losses	-	(164)	-	(164)
Share of profit from investments – recognised in statements of comprehensive revenues and expenses	2,010	3,535	-	-
Share of gain (loss) for investment – recognised in Statements of comprehensive revenues and expenses	590	(391)	-	-
Closing balance	497,907	495,307	396,605	396,605

Investments in associates as at 31 December 2012 and 2011, 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	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Associates										
Clearing Fund	16.56	17.71	1,050,743	963,045	100,000	100,000	178,586	173,923	-	-
TSFC Securities Public Company Limited	24.66	24.66	1,016,740	1,016,740	296,605	296,605	319,321	321,384	-	-
					396,605	396,605	497,907	495,307	-	-

(Unit : Baht'000)

	Ownership interest %		SET									
			Paid-up capital		Cost method		Impairment		At cost, net		Dividend income	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Associates												
Clearing Fund	16.56	17.71	1,050,743	963,045	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)	296,605	296,605	-	-
					400,000	400,000	-	(3,395)	396,605	396,605	-	-

14. Long-term investments, net

(Unit : Baht'000)

	Consolidated		SET	
	2012	2011	2012	2011
Available-for-sale investments	3,356,643	3,735,463	3,353,748	3,732,613
Held-to-maturity debt securities	4,893,100	1,527,718	4,846,900	1,509,708
General investments	68,187	68,641	68,187	68,641
<u>Less</u> Allowance for impairment losses	(3,405)	(2,450)	(3,405)	(2,450)
	8,314,525	5,329,372	8,265,430	5,308,512

As at 31 December 2012, fixed deposit accounts represented fixed deposits at banks which had maturities over one year and carried interest at rates ranging from 3.30% - 4.10% per annum (2011: from 2.25% - 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.

As at 31 December 2012, investments in general mutual funds represented investments in 19 open-ended funds, which have a policy of emphasising investment in equity securities of listed companies (2011: 21 funds) and one debt fund (2011: one fund).

As at 31 December 2012, investments in property funds represented 9 closed-end mutual funds (2011: 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.

As at 31 December 2012, investments in foreign investment funds represented investments in 9 open-ended funds (2011: 7 funds). The Feeder Fund policy is to emphasise investment in foreign fund securities.

As at 31 December 2012, government bonds, Bank of Thailand bonds and debentures which had maturities over one year to nine years, coupon rates ranging from 3.00% – 5.19% per annum (2011: from 3.00% – 5.00% per annum) and market yields ranging from 3.02% – 4.93% per annum (2011: from 3.09% – 5.08% per annum).

As at 31 December 2012, investments in specific-purpose funds represented investments in 3 open-ended venture capital funds (2011: 3 open-ended venture capital funds). This investment is carried at cost under generally accepted accounting principles due to the redemption restriction for the first 5 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 was 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 2012 and 2011 were as follows:

(Unit : Baht'000)

	Consolidated		SET	
	2012	2011	2012	2011
Opening balance	5,329,372	8,295,915	5,308,512	8,199,677
Purchases	1,769,618	1,975,736	1,728,418	1,975,716
Disposals	(1,600,360)	(2,883,149)	(1,600,360)	(1,588,673)
Reclassify to short-term investments	(310,017)	(1,022,475)	(297,007)	(947,207)
Adjustment	2,879,147	(677,274)	2,879,736	(1,972,131)
Unrealised gain (loss) on available-for-sale securities	247,720	(359,381)	247,086	(358,870)
<u>Less</u> Allowance for impairment losses	(955)	-	(955)	-
Closing balance	8,314,525	5,329,372	8,265,430	5,308,512

As at 31 December 2012 and 2011, held-to-maturity debt securities which were classified by maturity were as follows:
(Unit : Baht'000)

	Consolidated			
	Due			
	Within 1 year	1 to 5 years	Over 5 years	Total
31 December 2012				
Held-to-maturity debt securities				
Government bonds	-	1,058	-	1,058
Bank of Thailand bonds	49,997	100,000	-	149,997
Debentures	410,010	553,203	211,908	1,175,121
Deposits at banks	4,537,127	4,026,931	-	8,564,058
	4,997,134	4,681,192	211,908	9,890,234
31 December 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 Bills of exchange	5,907,867	893,163	-	6,801,030
	6,855,074	1,476,648	51,070	8,382,792

(Unit : Baht'000)

	SET			
	Due			
	Within 1 year	1 to 5 years	Over 5 years	Total
31 December 2012				
Held-to-maturity debt securities				
Government bonds	-	1,058	-	1,058
Bank of Thailand bonds	49,997	100,000	-	149,997
Debentures	397,010	553,203	211,908	1,162,121
Deposits at banks	4,513,107	3,980,731	-	8,493,838
	4,960,114	4,634,992	211,908	9,807,014
31 December 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 Bills of exchange	5,215,107	888,153	-	6,103,260
	6,162,314	1,458,638	51,070	7,672,022

As at 31 December 2012 and 2011, the fair value of held-to-maturity debt securities were as follows:

(Unit : Baht'000)

	Consolidated			
	Amortised cost, net		Fair value	
	2012	2011	2012	2011
Government bonds	1,058	757,883	1,078	770,984
Bank of Thailand bonds	149,997	180,041	157,079	187,379
State enterprise bonds	-	50,082	-	49,833
Debentures	1,175,121	593,756	1,186,502	597,954
Deposits at banks and Bills of exchange	8,564,058	6,801,030	8,564,058	6,801,030
	9,890,234	8,382,792	9,908,717	8,407,180
<u>Less</u> Reclassify to short-term investments	(4,997,134)	(6,855,074)	(4,999,118)	(6,868,488)
	4,893,100	1,527,718	4,909,599	1,538,692

(Unit : Baht'000)

	SET			
	Amortised cost, net		Fair value	
	2012	2011	2012	2011
Government bonds	1,058	757,883	1,078	770,984
Bank of Thailand bonds	149,997	180,041	157,079	187,379
State enterprise bonds	-	50,082	-	49,833
Debentures	1,162,121	580,756	1,173,425	584,711
Deposits at banks and Bills of exchange	8,493,838	6,103,260	8,493,838	6,103,260
	9,807,014	7,672,022	9,825,420	7,696,167
<u>Less</u> Reclassify to short-term investments	(4,960,114)	(6,162,314)	(4,962,020)	(6,175,728)
	4,846,900	1,509,708	4,863,400	1,520,439

As at 31 December 2012 and 2011, the fair value of investments in specific-purpose funds were as follows:

(Unit : Baht'000)

	Consolidated and SET					
	Cost		Fair value		Impairment	
	2012	2011	2012	2011	2012	2011
Investments in specific-purpose funds	96,720	104,667	91,277	93,641	(7,007)	(24,873)
<u>Less</u> Reclassify to short-term investments	(40,869)	(48,362)	(38,509)	(43,116)	3,602	22,423
	55,851	56,305	52,768	50,525	(3,405)	(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 1 January 2011						
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	-	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
For the year ended 31 December 2012						
Opening net book amount	1,014,817	1,231,243	140,876	3,748	26,884	2,417,568
Additions	-	3,680	55,437	4,191	85,069	148,377
Disposals/write-off	(731)	-	(720)	(5,592)	-	(7,043)
Transfers	-	4,000	1,920	-	(5,920)	-
Depreciation charge	(64)	(71,361)	(39,198)	(199)	-	(110,822)
Adjustments	-	2,307	89	(62)	21	2,355
Closing net book amount	1,014,022	1,169,869	158,404	2,086	106,054	2,450,435
As at 31 December 2012						
Cost	1,014,022	1,746,413	893,264	3,238	106,054	3,762,991
<u>Less</u> Accumulated depreciation	-	(576,544)	(734,860)	(1,152)	-	(1,312,556)
Net book amount	1,014,022	1,169,869	158,404	2,086	106,054	2,450,435

15. Property, plant and equipment, net (cont.)

(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 1 January 2011						
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
For the year ended 31 December 2012						
Opening net book amount	1,014,817	1,230,699	135,748	3,748	26,884	2,411,896
Additions	-	3,680	55,437	4,191	85,069	148,377
Disposals/write-off	(731)	-	(64)	(5,592)	-	(6,387)
Transfers	-	4,000	1,920	-	(5,920)	-
Depreciation charge	(64)	(71,298)	(37,131)	(199)	-	(108,692)
Adjustments	-	2,307	71	(62)	21	2,337
Closing net book amount	1,014,022	1,169,388	155,981	2,086	106,054	2,447,531
As at 31 December 2012						
Cost	1,014,022	1,744,696	806,770	3,238	106,054	3,674,780
<u>Less</u> Accumulated depreciation	-	(575,308)	(650,789)	(1,152)	-	(1,227,249)
Net book amount	1,014,022	1,169,388	155,981	2,086	106,054	2,447,531

16. Intangible assets, net

(Unit : Baht'000)

	Consolidated		
	Computer software	Work in process	Total
As at 1 January 2011			
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	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
For the year ended 31 December 2012			
Opening net book amount	143,995	79,109	223,104
Additions	28,957	144,334	173,291
Disposals/write-off	(4,444)	-	(4,444)
Transfers	192,223	(192,223)	-
Amortisation charge	(73,848)	-	(73,848)
Adjustments	10	-	10
Closing net book amount	286,893	31,220	318,113
As at 31 December 2012			
Cost	1,038,235	31,220	1,069,455
<u>Less</u> Accumulated amortisation	(751,342)	-	(751,342)
Net book amount	286,893	31,220	318,113

16. Intangible assets, net (cont.)

(Unit : Baht'000)

	SET		
	Computer software	Work in process	Total
As at 1 January 2011			
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	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
For the year ended 31 December 2012			
Opening net book amount	139,644	79,109	218,753
Additions	28,957	144,334	173,291
Disposals/write-off	(4,444)	-	(4,444)
Transfers	192,223	(192,223)	-
Amortisation charge	(72,160)	-	(72,160)
Closing net book amount	284,220	31,220	315,440
As at 31 December 2012			
Cost	957,501	31,220	988,721
<u>Less</u> Accumulated amortisation	(673,281)	-	(673,281)
Net book amount	284,220	31,220	315,440

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 2012 and 2011, the details of investments for which margin deposits were placed by members amounting to Baht 6,810.07 million and Baht 6,053.02 million, respectively are as follows:

(Unit : Baht'000)

	Consolidated	
	2012	2011
Savings and fixed deposit accounts	6,134,925	5,615,318
Savings account in foreign currency	245,174	-
Bonds	378,408	384,251
Accrued benefits	51,566	53,449
	6,810,073	6,053,018

As at 31 December 2012, savings account in foreign currency of USD 8,042,262.19 was translated into Thai Baht using the average transfer buying rate announced by the Bank of Thailand at the end of the accounting period (2011: nil).

The Group presented margin deposits placed by members separately in the account "Assets for margin deposits and benefits" in current assets in the statements of financial position and presented liabilities in the same amount in the account "Margin deposits and benefits payables" in current liabilities in the statements 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 Thailand Clearing House Co., Ltd. (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 or 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.

As at 31 December 2012 and 2011, assets for clearing system protection and benefits consist of:

(Unit : Baht'000)

	Consolidated					
	Securities Deposit and benefits		Clearing fund and benefits		Total	
	2012	2011	2012	2011	2012	2011
Investments being managed by a subsidiary	824,030	731,183	-	-	824,030	731,183
Investments being managed by private funds						
Saving accounts	972	3,263	2,690	3,867	3,662	7,130
Fixed deposit accounts	60,003	-	147,003	-	207,006	-
Other debt instruments	10,000	79,001	20,000	143,001	30,000	222,002
Trading securities	138,300	125,125	328,416	272,221	466,716	397,346
	1,033,305	938,572	498,109	419,089	1,531,414	1,357,661
Accrued interest receivable	8,318	6,253	3,294	1,981	11,612	8,234
Other assets	89	58	5,242	5,279	5,331	5,337
	1,041,712	944,883	506,645	426,349	1,548,357	1,371,232

As at 31 December 2012, the SET's assets for clearing system protection and benefits amounting to Baht 127.03 million (2011: Baht 122.86 million) are as follows:

(Unit : Baht'000)

	SET	
	2012	2011
Clearing fund and benefits		
Contributions	100,000	100,000
Benefits	27,033	22,862
	127,033	122,862

As at 31 December 2012 and 2011, assets for clearing system protection and benefits payable consist of:

(Unit : Baht'000)

	Consolidated	
	2012	2011
Securities Deposit and benefits		
Contributions	1,024,000	929,000
Benefits (semi-annually distribute to members)	17,712	15,883
	1,041,712	944,883
Clearing fund and benefits		
Contributions	330,513	253,184
Benefits	49,099	50,303
	379,612	303,487
	1,421,324	1,248,370

19. Accounts payable and accrued expenses

(Unit : Baht'000)

	Note	Consolidated		SET	
		2012	2011	2012	2011
Accounts payable					
Jointly-controlled entity	6	275	258	275	258
Other parties		57,947	49,365	52,786	47,905
		58,222	49,623	53,061	48,163
Accrued expenses					
Subsidiaries	6	-	-	163	158
Jointly-controlled entity	6	14,764	13,867	14,764	13,867
		14,764	13,867	14,927	14,025
Other parties		802,608	629,019	788,373	616,644
		817,372	642,886	803,300	630,669
		875,594	692,509	856,361	678,832

20. Other current liabilities

(Unit : Baht'000)

	Consolidated		SET	
	2012	2011	2012	2011
Refund for unallotted NVDRs	214,871	-	-	-
Financial benefits payable	57,906	56,580	-	-
Thai Stock Market Flood Relief Fund	120,015	179,084	120,015	179,084
Withholding tax payable	114,119	73,331	84,571	68,666
Income tax payable	45,082	67,070	-	-
Financial benefits payable to unitholders	41,080	36,249	-	-
Provision for employee benefits from accumulated annual leave	20,903	20,854	20,903	20,854
Other retention payables	18,373	13,663	18,369	13,659
Ngoen-Thong-khong-Mee-Kha Fund	11,299	10,426	11,299	10,426
Capital Market Academy Flood Relief Fund	-	26,222	-	26,222
Others	26,027	22,416	18,367	13,858
	669,675	505,895	273,524	332,769

21. Provision for employee benefits

(Unit : Baht'000)

	Consolidated		SET	
	2012	2011	2012	2011
Obligations in statement of financial position				
Retirement benefits	137,325	123,342	137,325	123,342
Other benefits	29,117	25,880	29,117	25,880
	166,442	149,222	166,442	149,222
Charge in the statement of comprehensive revenues and expenses				
Retirement benefits	19,766	16,272	19,766	16,272
Other benefits	3,238	25,880	3,238	25,880
	23,004	42,152	23,004	42,152

As at 31 December 2012 and 2011, the amounts of liabilities recognised in the statement of financial position are determined as follows:

(Unit : Baht'000)

	Consolidated		SET	
	2012	2011	2012	2011
Present value of obligations				
Retirement benefits	158,732	145,295	158,732	145,295
Other benefits	29,117	25,880	29,117	25,880
	187,849	171,175	187,849	171,175
Unrecognised actuarial loss				
Retirement benefits	(21,407)	(21,953)	(21,407)	(21,953)
Liabilities in the statement of financial position	166,442	149,222	166,442	149,222

Movements of the provision for employee benefits for the years ended 31 December 2012 and 2011 were as follows:

(Unit : Baht'000)

	Consolidated		SET	
	2012	2011	2012	2011
Opening balance	149,222	120,110	149,222	120,110
Current service cost	16,087	10,053	16,087	10,053
Interest costs	6,370	5,832	6,370	5,832
Past service cost	-	26,267	-	26,267
Unrealized gain from actuarial	546	-	546	-
Transfer from jointly-controlled entity	43	428	43	428
	172,268	162,690	172,268	162,690
<u>Less</u> Benefits paid	(5,826)	(13,468)	(5,826)	(13,468)
Closing balance	166,442	149,222	166,442	149,222
<u>Less</u> Current portion	(6,102)	(5,630)	(6,102)	(5,630)
Total non-current	160,340	143,592	160,340	143,592

For the year ended 31 December 2012 and 2011, the principal actuarial assumptions used were as follows:

	2012	2011
Discount rate as of 31 December	3.80%	3.80%
Salary increase rate – permanent employees	5.00% – 10.00%	5.00% – 10.00%
Salary increase rate – contract employees	4.50%	4.50%
Average turnover rate	0.00% – 9.00%	0.00% – 9.00%
Pre-retirement mortality rate	0.08% – 1.03%	0.08% – 1.03%
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 of the SET 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 totalling 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 for the year ended 31 December 2012 was Baht 0.34 million (2011: Baht 7.32 million).

As at 31 December 2012, SET Building Construction Fund had balance Baht 7.77 million (2011: Baht 8.11 million)

Staff Welfare Fund

In 1997 and 2004, the Board of Governors of the SET approved appropriations of general funds was 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 2012, 32 securities companies were SIPF members (2011: 32 companies).

The assets of SIPF consist of:

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

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

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

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

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

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

(Unit : Baht'000)

	Consolidated and SET	
	2012	2011
Assets		
Current assets		
Cash deposits and short-term investments	401,320	466,644
Accrued interest receivable	4,611	3,764
Total current assets	405,931	470,408
Non-current assets		
Long-term investments	245,170	147,429
Total assets	651,101	617,837
Liabilities and fund balances		
Non-current liabilities		
Contributions from members	201,315	201,315
Benefits on contributions from members	43,356	30,857
Total non-current liabilities	244,671	232,172
Fund balances		
Initial fund	300,000	300,000
Fund balances	106,430	85,665
Total fund balances	406,430	385,665
Total liabilities and fund balances	651,101	617,837

The SIPF's statements of revenues and expenses for the years ended 31 December 2012 and 2011 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 entity's statements of comprehensive revenues and expenses are as follows:

(Unit : Baht'000)

	Consolidated financial statements			
	Staff Welfare Fund	Securities Investor Protection Fund (SET's portion)	General Fund	Total
For the year ended 31 December 2012				
Revenues				
Operating revenues	-	-	3,364,915	3,364,915
Investment income, net	1,990	14,185	980,191	996,366
Other income	-	-	180,004	180,004
Total revenues	1,990	14,185	4,525,110	4,541,285
Expenses				
Operating expenses	-	102	2,598,962	2,599,064
Contributions to the Stock Exchange of Thailand Foundation	-	-	453,634	453,634
Income tax	-	-	126,354	126,354
Total expenses	-	102	3,178,950	3,179,052
Revenues over expenses	1,990	14,083	1,346,160	1,362,233
Total other comprehensive revenues and expenses				
- available-for-sale financial assets	-	6,682	247,720	254,402
Total comprehensive revenues and expenses	1,990	20,765	1,593,880	1,616,635
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 revenues and expenses				
- available-for-sale financial assets	-	(1,113)	(359,381)	(360,494)
Total comprehensive revenues and expenses	1,720	12,255	735,194	749,169

(Unit : Baht'000)

	SET			
	Staff Welfare Fund	Securities Investor Protection Fund (SET's portion)	General Fund	Total
For the year ended 31 December 2012				
Revenues				
Operating revenues	-	-	1,330,239	1,330,239
Investment income, net	1,990	14,185	1,254,123	1,270,298
Other income	-	-	1,489,015	1,489,015
Total revenues	1,990	14,185	4,073,377	4,089,552
Expenses				
Operating expenses	-	102	2,396,876	2,396,978
Contributions to the Stock Exchange of Thailand Foundation	-	-	453,634	453,634
Total expenses	-	102	2,850,510	2,850,612
Revenues over expenses	1,990	14,083	1,222,867	1,238,940
Total other comprehensive revenues and expenses				
- available-for-sale financial assets	-	6,682	247,086	253,768
Total comprehensive revenues and expenses	1,990	20,765	1,469,953	1,492,708
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 revenues and expenses				
- available-for-sale financial assets	-	(1,113)	(358,870)	(359,983)
Total comprehensive revenues and expenses	1,720	12,255	493,195	507,170

24. Operating revenues

(Unit : Baht'000)

	Consolidated		SET	
	2012	2011	2012	2011
Trading fees	1,113,290	1,134,191	792,468	719,227
Stock registrar fees	645,182	620,645	-	-
Member services fees	371,564	351,905	-	-
Clearing fees	331,742	339,398	-	-
Listing fees	313,994	280,094	313,994	280,094
Depository fees	188,903	136,691	-	-
Information service fees	183,923	172,473	151,603	140,740
Membership fees	112,549	119,821	22,800	23,200
Fund registrar fees	54,394	50,101	-	-
Customisation and IT support fees	49,374	39,593	49,374	39,593
	3,364,915	3,244,912	1,330,239	1,202,854

25. Investment income, net

(Unit : Baht'000)

	Notes	Consolidated		SET	
		2012	2011	2012	2011
Interest income		687,797	478,508	412,586	304,333
<u>Less</u> Interest expense					
Short-term borrowings from subsidiaries	6	-	-	(17,591)	(11,177)
Assets for clearing system protection members' portion		(248,016)	(148,690)	-	-
Others		-	(395)	-	(395)
Interest income, net		439,781	329,423	394,995	292,761
Dividend income from					
Mutual funds		330,051	301,087	329,827	300,867
Subsidiaries	11	-	-	315,799	134,400
Jointly-controlled entity	12	5,874	4,442	15,874	14,879
Other entities		2,168	1,735	2,168	1,735
Realised gain from investments		180,614	125,073	174,409	122,766
Unrealised gain (loss) from investments		5,827	(9,344)	5,175	(5,479)
Reversals of impairment/(impairment loss)		17,866	(164)	17,866	(164)
		982,181	752,252	1,256,113	861,765

26. Other income

(Unit : Baht*000)

	Consolidated		SET	
	2012	2011	2012	2011
Educational activities income	32,015	41,318	32,015	41,318
Revenues from marketing event	26,082	4,420	26,082	4,420
Revenues from fees and management funds	20,552	24,385	-	6,266
Service income	14,688	14,254	1,389,745	1,393,847
Rental & utilities revenue	12,538	11,689	12,538	11,689
Fines	9,962	8,763	5,036	6,903
Other income	35,725	32,602	23,599	25,060
	151,562	137,431	1,489,015	1,489,503

27. Employee benefit expenses

(Unit : Baht*000)

	Consolidated		SET	
	2012	2011	2012	2011
Management				
Salaries and other benefits	151,844	149,122	151,844	149,122
Contributions to provident fund	12,260	12,000	12,260	12,000
	164,104	161,122	164,104	161,122
Other employees				
Salaries and other benefits	865,742	886,352	865,806	886,395
Contributions to provident fund	54,415	54,124	54,415	54,124
	920,157	940,476	920,221	940,519
	1,084,261	1,101,598	1,084,325	1,101,641

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 3.00% to 10.00% of their basic salaries and by the Group at the rate of 10.00% 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. In 2011, the Board of the SEC has approved to charge the SEC fees from 2011-2013 (for the period of 3 years) as follows:

1. Charge at the rate of 0.002% of trading value of the current year, and
2. Charge on total equity of listing companies who have never issued securities for sale under the approval of the SEC, at the same rate that the SEC charge from listed companies who issued securities and submit report to the SEC according to clause 56 of the SEC Act. In 2013, the SEC charge at 100% of the amount calculated.

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

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.

29. Other expenses

(Unit : Baht'000)

	Consolidated		SET	
	2012	2011	2012	2011
Fees and compensation expenses	75,877	56,721	72,312	54,363
Travelling and vehicle expenses	33,877	36,003	33,877	36,003
Contributions to capital market institutions	21,421	27,778	21,421	27,875
Institution membership fees	3,599	3,561	2,958	3,192
Meeting expenses	3,222	3,940	3,222	3,940
Entertainment expenses	2,280	3,214	2,280	3,214
Loss from written-off assets	19	5,583	-	5,527
Expenses related with flood situation	-	14,163	-	14,163
Other expenses	19,292	25,342	18,847	18,725
	159,587	176,305	154,917	167,002

30. Commitments with non-related parties

(Unit : Baht'000)

	Consolidated		SET	
	2012	2011	2012	2011
Capital commitments				
Computer and software	174,195	42,325	174,195	42,325
Buildings and other constructions	16,759	2,712	16,759	2,712
	190,954	45,037	190,954	45,037
Non-cancellable operating lease commitments				
Within one year	11,266	11,715	11,266	11,715
After one year but within five years	22,440	21,263	22,440	21,263
	33,706	32,978	33,706	32,978
Land lease commitments				
Within one year	13,525	13,525	13,525	13,525
After one year but within five years	56,254	54,100	56,254	54,100
Over 5 years	174,673	190,352	174,673	190,352
	244,452	257,977	244,452	257,977
Derivative trading and clearing system maintenance commitments				
Within one year	75,251	25,466	75,251	25,466
After one year but within five years	215,597	58,889	215,597	58,889
Over 5 years	66,274	-	66,274	-
	357,122	84,355	357,122	84,355

Moreover, the SET has an obligation to capital commitment subscription in two specific-purpose funds (Note 14) as follows:

1. Fund invested directly in energy, alternative a renewable energy firms and businesses that support the government's energy policies. The Asset Management Company will make additional investments from the SET amounting to Baht 18.40 million unless the payment was made in the full amount of capital commitment subscription of due in terms of the 10 years (3 August 2017).
2. Fund invested in business and industries which have potential growth. The capital commitment subscription has in first four year, which due on 11 August 2012 (2011: the capital commitment subscription was Baht 6.9 million to Baht 30.0 million).

31. Contingent liabilities and contingent assets

31.1 Contingent assets

31.1.1 SET

During 2012, the SET sued the insurance group. The SET is seeking compensation for alleged damages relating to dismiss a insurance contract amount Baht 123 million combined with interest rate at 7.50% per annum. As at 31 December 2012, the case is under the consideration by the Civil court so the outcome of the case has not presently been finalised. Therefore, the SET has not recorded any potential income in the financial statements for the years ended 31 December 2012.

31.1.2 Jointly-controlled entity

In 2009, 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 49.99% 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, the preference shareholders will be entitled to receive dividends before the ordinary shareholders 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 year, all shares will have equal right and status.

As at 31 December 2012, the SET has accrued dividend income which it has the right to receive at 10% of Family Know-how's net profit for the year ended 31 December 2012, amounting to Baht 5.87 million (2011: Baht 4.44 million).

31.2 Contingent liabilities

31.2.1 SET

As at 31 December 2012, the SET has letters of guarantee issued by banks totalling Baht 4.40 million (2011: Baht 4.40 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 (2011: 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 2012, TCH had not drawn down the overdraft credit line.

31.2.2 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 2012 and 2011.

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 the 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 (Note 31.1). The Group has not recognised the revenue in the financial statements for 2012 and 2011.

SET subsidiaries

Thailand Futurers 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. Effective on January 1, 2013, TFEX changed its Thai name to be in line with the Derivatives Act, and also changed its logo, using the same symbol as that of the SET Group, to show its being a part of the group that matched the right financial opportunities for its customers.

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 related parties by:
 - Being a center of derivatives trading, meeting international standards, including on efficiency, helping individual and juristic investors effectively use the products as hedging instruments.
 - Offering alternative investments 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 on TFEX, as TFEX has the Thailand Clearing House Co., Ltd., which is very stable, as its counterparty.
 - Providing investors with information that reflects the expectations of market participants as to future prices of securities. Investors and enterprises will thus be able to plan their operations more effectively.

Registered capital and organizational management

TFEX has a total registered capital of THB 100 million (USD 2.91 million), with the SET holding 99.99% of that amount.

Board of Directors

Sompol	Kiatphaibool	Chairman
Charnporn	Jotikasthira	Vice Chairman
Chanisa	Chutipat	Member
Chaipatr	Srivisarvacha	Member
Pakorn	Peetathawatchai	Member
Pattera	Dilokrunthirapop	Member
Sopawadee	Lertmanaschai	Member
Suthep	Peetakanont	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:** 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

Registered capital and organizational management

TSD has total registered capital of THB 200 million, with the SET holding 99.99% of total registered capital

Board of Directors

Charamporn	Jotikasthira	Chairman
Chanisa	Chutipat	Member
Kesara	Manchusree	Member
Pakorn	Peetathawatchai	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 THB 10 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 THB 10 million, with the SET holding 99.99% of total registered capital.

Board of Directors

Charnporn	Jotikasthira	Chairman
Chanisa	Chutipat	Member
Pakorn	Peetathawatchai	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 SET members and TFEX members, to offer a broader range of trading channels to investors.

Registered capital and organizational management

Settrade has total registered capital of THB 80 million (USD 2.33 million), with the SET holding 99.99% of total registered capital

Board of Directors

Charnporn	Jotikasthira	Chairman
Kesara	Manchusree	Member
Kirati	Kosicharoen	Member
Pakorn	Peetathawatchai	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 THB 100 million, with the SET holding 99.99% of total registered capital.

Board of Directors

Charamporn	Jotikasthira	Chairman
Chanisa	Chutipat	Member
Kesara	Manchusree	Member
Pakorn	Peetathawatchai	Member
Sakkarin	Ruamrangsri	Member
Udomwara	Dechsongjarus	Member



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