

**THE STOCK EXCHANGE OF THAILAND AND ITS SUBSIDIARIES**

**CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

**31 DECEMBER 2017**



## Independent Auditor's Report

To the Members of The Stock Exchange of Thailand

### My opinion

In my opinion, the consolidated financial statements of The Stock Exchange of Thailand and its subsidiaries (the Group) and the separate financial statements of The Stock Exchange of Thailand present fairly, in all material respects, the consolidated and separate financial position of the Group and of The Stock Exchange of Thailand as at 31 December 2017, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

### What I have audited

The consolidated financial statements of The Stock Exchange of Thailand and its subsidiaries (the Group) and the separate financial statements of The Stock Exchange of Thailand's financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2017;
- the consolidated and separate statements of comprehensive revenues and expenses for the year then ended;
- the consolidated and separate statements of changes in fund balances for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

### Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and The Stock Exchange of Thailand in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. The matter was addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on the matter.



Key audit matter	How my audit addressed the key audit matter
<p><b><i>Fair value estimation on equity and debt investment securities</i></b></p> <p>As 31 December 2017, investments in trading, available for sale and held-to-maturity securities for consolidated financial statements of The Stock Exchange of Thailand and its subsidiaries (the Group) and the separate financial statements of The Stock Exchange of Thailand (SET), were valued at Baht 24,435 million and Baht 12,322 million, respectively and represented 83% of total investments in consolidated and represented 77% of total investments in the separate financial statements of The Stock Exchange of Thailand.</p> <p>I focused on fair value measurement of those investments in both equity and debt securities defined to be level 2 because the valuation of fair value at level 2 depends on estimates and assumptions in valuation techniques which uses inputs, either directly or indirectly, other than quoted prices in active market that are observable for the asset as refer to note 35 on the financial statements for fair value estimations. Moreover, The Group has invested in variety of investments, therefore the accuracy and completeness of fair value estimation presentation and disclosure in the financial statements and notes to the financial statements is a significant area.</p>	<p>I tested the assumptions and valuation techniques of fair value by valuation method level 2 of trading and available for sale investments presented in the statement of financial position and held to maturity investments disclosed in the notes to financial statements as follows :</p> <p>For the investments in trading and available for sale including Mutual funds and Private funds, I tested the fair value valuation by checking the last bid price at the end of the date in the statement of financial position by referring to the Association of Investment Management Companies.</p> <p>For the investments in held-to-maturity securities including</p> <ol style="list-style-type: none"> <li>1) long term fixed deposit accounts, I assessed the assumptions used and tested the calculations for the discounted cash flows based on each contract with an average yield of 4 commercial banks.</li> <li>2) bonds and debentures, I tested values against the clean price of debt securities published by the Thai Bond Market Association at the end of the date in the statement of financial position.</li> </ol> <p>I assessed the adequacy of the disclosures, particularly regarding completeness and accuracy of the valuation of equity and debt securities defined to be level 2 and I didn't identify any issues.</p> <p>I found that the valuation method is appropriate based on management's assumptions.</p>

### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.





### **Responsibilities of the directors for the consolidated and separate financial statements**

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and The Stock Exchange of Thailand's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and The Stock Exchange of Thailand or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Group and The Stock Exchange of Thailand's financial reporting process.

### **Auditor's responsibilities for the audit of the consolidated and separate financial statements**

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group and The Stock Exchange of Thailand's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and The Stock Exchange of Thailand's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and The Stock Exchange of Thailand to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.



I communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the audit committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers ABAS Ltd.

A handwritten signature in blue ink, consisting of a large, stylized 'U' followed by a horizontal line and a small dot.

**Unakorn Phruithithada**  
Certified Public Accountant (Thailand) No. 3257  
Bangkok  
21 February 2018

**The Stock Exchange of Thailand and its Subsidiaries**  
**Statements of Financial Position**  
**As at 31 December 2017**

		(Unit : Baht'000)			
		Consolidated		SET	
	Notes	2017	Restated 2016	2017	Restated 2016
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	9	1,261,212	717,184	854,342	612,363
Cash at banks for financial benefits payable		67,683	65,775	-	-
Assets for margin deposits and benefits	18	13,397,885	10,159,968	-	-
Short-term investments, net	10	6,649,894	10,177,043	6,649,894	10,177,043
Accounts receivable and accrued income, net	8, 11	662,941	342,743	678,875	335,760
Accrued interest receivable		25,692	37,687	121,569	35,727
Other current assets	8, 12	199,805	208,216	97,012	109,490
<b>Total current assets</b>		<b>22,265,112</b>	<b>21,708,616</b>	<b>8,401,692</b>	<b>11,270,383</b>
<b>Non-current assets</b>					
Investments in subsidiaries	13	-	-	1,697,291	1,497,291
Investments in associates and joint venture entity, net	14	973,019	953,512	800,620	800,620
Long-term investments, net	15	8,478,268	8,312,060	8,478,268	8,312,060
Assets for clearing system protection and benefits	19	1,902,397	1,721,360	142,510	140,043
Securities Investor Protection Fund	25	789,710	751,532	789,710	751,532
Derivatives Investor Protection Fund	25	91,486	82,875	-	-
Long-term loans to a subsidiary	8	-	-	5,046,791	-
Reserve Fund for clearing and settlement	20	5,124,320	-	-	-
Property, plant and equipment, net	16	5,137,395	5,537,293	5,136,505	5,535,860
Intangible assets, net	17	426,858	466,673	425,940	465,441
Deferred tax assets	21	2,356	2,322	-	-
Refundable deposits		4,985	2,614	4,985	2,614
<b>Total non-current assets</b>		<b>22,930,794</b>	<b>17,830,241</b>	<b>22,522,620</b>	<b>17,505,461</b>
<b>Total assets</b>		<b>45,195,906</b>	<b>39,538,857</b>	<b>30,924,312</b>	<b>28,775,844</b>

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

**The Stock Exchange of Thailand and its Subsidiaries**

**Statements of Financial Position (Cont'd)**

**As at 31 December 2017**

		(Unit : Baht'000)			
		Consolidated		SET	
	Notes	2017	Restated 2016	2017	Restated 2016
<b>Liabilities and fund balances</b>					
<b>Current liabilities</b>					
Margin deposits and benefits payable	18	13,397,885	10,159,968	-	-
Accounts payable and accrued expenses	8, 22	1,027,613	1,031,503	1,014,128	1,015,505
Fees received in advance		313,867	319,629	273,530	277,684
Income tax payable		174,364	118,404	115,330	74,957
Short-term borrowings from subsidiaries	8	-	-	2,921,500	2,574,500
Other current liabilities	8, 23	301,125	317,321	124,600	150,830
<b>Total current liabilities</b>		<b>15,214,854</b>	<b>11,946,825</b>	<b>4,449,088</b>	<b>4,093,476</b>
<b>Non-current liabilities</b>					
Assets for clearing system protection and benefits payable	19	1,759,887	1,581,317	-	-
Contributions and benefits to Securities Investor Protection Fund	25	313,375	293,874	313,375	293,874
Contributions and benefits to Derivatives Investor Protection Fund	25	36,824	28,835	-	-
Provision for employee benefits	24	401,318	238,263	401,318	238,263
Deferred tax liabilities	21	85,135	44,684	83,807	44,684
Other non-current liabilities		9,666	7,396	8,769	7,396
<b>Total non-current liabilities</b>		<b>2,606,205</b>	<b>2,194,369</b>	<b>807,269</b>	<b>584,217</b>
<b>Total liabilities</b>		<b>17,821,059</b>	<b>14,141,194</b>	<b>5,256,357</b>	<b>4,677,693</b>
<b>Fund balances</b>					
Funds	4, 25	26,724,008	25,009,898	25,008,151	23,702,396
Other components of fund balances	4	650,837	387,763	659,804	395,755
Non-controlling interests		2	2	-	-
<b>Total fund balances</b>		<b>27,374,847</b>	<b>25,397,663</b>	<b>25,667,955</b>	<b>24,098,151</b>
<b>Total liabilities and fund balances</b>		<b>45,195,906</b>	<b>39,538,857</b>	<b>30,924,312</b>	<b>28,775,844</b>

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



**The Stock Exchange of Thailand and its Subsidiaries**  
**Statements of Comprehensive Revenues and Expenses**  
**For the year ended 31 December 2017**

		(Unit : Baht'000)			
		Consolidated		SET	
	Notes	2017	Restated 2016	2017	Restated 2016
<b>Revenues</b>					
Operating revenues	27	5,006,640	5,099,000	2,281,975	2,300,790
Investment income, net	28	1,045,019	766,861	1,308,635	1,144,429
Other income	29	279,603	181,153	1,864,394	1,960,975
<b>Total revenues</b>		<b>6,331,262</b>	<b>6,047,014</b>	<b>5,455,004</b>	<b>5,406,194</b>
<b>Expenses</b>					
Employee benefit expenses	30	1,569,086	1,465,774	1,527,637	1,456,333
Directors' remuneration	8	26,323	25,287	22,761	22,203
Marketing expenses		221,930	158,801	208,861	144,589
Educational activity expenses		161,731	178,925	161,826	178,990
Direct service expenses		292,393	286,133	-	-
Building and office expenses		199,715	231,602	199,476	231,389
Technology expenses		212,787	190,757	212,511	190,622
SEC fees	31	491,110	536,451	489,110	534,451
Depreciation and amortisation	16, 17	463,433	467,132	462,867	466,440
Other expenses	32	179,348	152,797	199,534	160,832
<b>Total expenses</b>		<b>3,817,856</b>	<b>3,693,659</b>	<b>3,484,583</b>	<b>3,385,849</b>
Share of profit of investments in associates and joint venture entity (net of tax)	14	34,150	25,831	-	-
<b>Revenues over expenses</b>		<b>2,547,556</b>	<b>2,379,186</b>	<b>1,970,421</b>	<b>2,020,345</b>
<b>Non-operating items</b>					
Income derived from Securities Investor Protection Fund, net	26	9,215	11,124	9,215	11,124
Income derived from Derivatives Investor Protection Fund, net	26	622	764	-	-
Contributions to the Stock Exchange of Thailand Foundation	8	(221,075)	(401,190)	(221,075)	(401,190)
<b>Revenues over expenses before income tax expense</b>		<b>2,336,318</b>	<b>1,989,884</b>	<b>1,758,561</b>	<b>1,630,279</b>
Income tax expense	4, 33	(503,729)	(230,614)	(335,024)	(81,155)
<b>Revenues over expenses</b>		<b>1,832,589</b>	<b>1,759,270</b>	<b>1,423,537</b>	<b>1,549,124</b>
<b>Revenues over expenses for the year attributable to:</b>					
Owners of the parent		1,832,589	1,759,270	1,423,537	1,549,124
Non-controlling interests		-	-	-	-
		<b>1,832,589</b>	<b>1,759,270</b>	<b>1,423,537</b>	<b>1,549,124</b>

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



**The Stock Exchange of Thailand and its Subsidiaries**  
**Statements of Comprehensive Revenues and Expenses (Cont'd)**  
**For the year ended 31 December 2017**

		(Unit : Baht'000)			
		Consolidated		SET	
		Restated		Restated	
Notes		2017	2016	2017	2016
	Revenues over expenses	1,832,589	1,759,270	1,423,537	1,549,124
<b>Other comprehensive revenues and expenses:</b>					
<b>Items that will be reclassified subsequently to revenues and expenses</b>					
	Share of profit of investments in associates	14	53	(11)	-
	Change in value of available-for-sale investments managed by SET	26	322,123	341,690	322,123
	Change in value of available-for-sale investments from Securities Investor Protection Fund	26	9,462	4,599	9,462
	Income tax relating to items that will be reclassified subsequently to revenues and expenses	4, 26	(68,564)	(97,380)	(67,536)
	<b>Total items that will be reclassified subsequently to revenues and expenses</b>		<u>263,074</u>	<u>248,898</u>	<u>264,049</u>
<b>Items that will not be reclassified subsequently to revenues and expenses</b>					
	Remeasurements of post-employment benefits obligations	26	(147,924)	(61)	(147,227)
	Income tax relating to items that will not be reclassified subsequently to revenues and expenses	26	29,445	-	29,445
	<b>Total items that will not be reclassified subsequently to revenues and expenses</b>		<u>(118,479)</u>	<u>(61)</u>	<u>(117,782)</u>
	Other comprehensive revenues and expenses for the year, net of tax		<u>144,595</u>	<u>248,837</u>	<u>146,267</u>
	<b>Total comprehensive revenues and expenses for the year</b>		<u>1,977,184</u>	<u>2,008,107</u>	<u>1,569,804</u>
<b>Total comprehensive revenues and expenses for the year attributable to:</b>					
	Owners of the parent		1,977,184	2,008,107	1,569,804
	Non-controlling interests		-	-	-
			<u>1,977,184</u>	<u>2,008,107</u>	<u>1,569,804</u>

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

The Stock Exchange of Thailand and its Subsidiaries  
Statement of Changes in Fund Balances  
For the year ended 31 December 2017

(Unit : Baht'000)									
Consolidated									
Other components of fund balances									
		Change in value of available- for-sale investments managed by SET (net of tax)	Change in value of available- for-sale investments from Securities Investor Protection Fund (net of tax)	Share of other comprehensive loss of associates (net of tax)	Total other components of fund balances	Total fund balances	Non- controlling interests	Total fund balances	
Note	Fund balances								
<b>Opening balance at 1 January 2016</b>	23,250,689	136,271	2,666	(72)	138,865	23,389,554	2	23,389,556	
Other comprehensive revenues and expenses (net of tax)	26 (61)	246,700	2,207	(9)	248,898	248,837	-	248,837	
Revenues over expenses	26 1,759,270	-	-	-	-	1,759,270	-	1,759,270	
						-			
<b>Closing balance at 31 December 2016</b>	<u>25,009,898</u>	<u>382,971</u>	<u>4,873</u>	<u>(81)</u>	<u>387,763</u>	<u>25,397,661</u>	<u>2</u>	<u>25,397,663</u>	
<b>Opening balance at 1 January 2017</b>	25,009,898	382,971	4,873	(81)	387,763	25,397,661	2	25,397,663	
Other comprehensive revenues and expenses (net of tax)	26 (118,479)	256,671	6,350	53	263,074	144,595	-	144,595	
Revenues over expenses	26 1,832,589	-	-	-	-	1,832,589	-	1,832,589	
<b>Closing balance at 31 December 2017</b>	<u>26,724,008</u>	<u>639,642</u>	<u>11,223</u>	<u>(28)</u>	<u>650,837</u>	<u>27,374,845</u>	<u>2</u>	<u>27,374,847</u>	

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

The Stock Exchange of Thailand and its Subsidiaries  
Statement of Changes in Fund Balances (Cont'd)  
For the year ended 31 December 2017

(Unit : Baht'000)					
SET					
		Other components of fund balances			
		Change in value of available- for-sale investments managed by SET (net of tax)	Change in value of available-for- sale investments from Securities Investor Protection Fund (net of tax)	Total other components of fund balances	Total fund balances
Note	Fund balances				
<b>Opening balance at 1 January 2016</b>	22,153,272	144,182	2,666	146,848	22,300,120
Other comprehensive revenues and expenses (net of tax)	26 -	246,700	2,207	248,907	248,907
Revenues over expenses	26 1,549,124	-	-	-	1,549,124
<b>Closing balance at 31 December 2016</b>	<u>23,702,396</u>	<u>390,882</u>	<u>4,873</u>	<u>395,755</u>	<u>24,098,151</u>
<b>Opening balance at 1 January 2017</b>	23,702,396	390,882	4,873	395,755	24,098,151
Other comprehensive revenues and expenses (net of tax)	26 (117,782)	257,699	6,350	264,049	146,267
Revenues over expenses	26 1,423,537	-	-	-	1,423,537
<b>Closing balance at 31 December 2017</b>	<u>25,008,151</u>	<u>648,581</u>	<u>11,223</u>	<u>659,804</u>	<u>25,667,955</u>

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



**The Stock Exchange of Thailand and its Subsidiaries**  
**Statements of Cash Flows**  
**For the year ended 31 December 2017**

		(Unit : Baht'000)			
		Consolidated		SET	
	Notes	2017	2016	2017	2016
<b>Cash flows from operating activities</b>					
Revenues over expenses before income tax expense		2,336,318	1,989,884	1,758,561	1,630,279
Adjustments for					
Depreciation and amortisation	16, 17	463,433	467,132	462,867	466,440
Investment income, net	28	(1,021,190)	(804,757)	(1,292,825)	(1,180,946)
Income derived from Securities Investor Protection Fund, net	26	(9,215)	(11,124)	(9,215)	(11,124)
Income derived from Derivatives Investor Protection Fund, net	26	(622)	(764)	-	-
Reversal allowance for impairment of investments	10	(10,918)	-	(10,918)	-
Doubtful debts expenses (reversal)		-	(3,913)	-	(3,886)
Provision for employee benefits	24	25,222	26,576	23,290	26,576
Gains on disposals of assets	29	(32,971)	(325)	(32,938)	(332)
Share of profit of investments in associates and joint venture entity (net of tax)	14	(34,150)	(25,831)	-	-
		1,715,907	1,636,878	898,822	927,007
Changes in operating assets and liabilities					
(Increase) decrease in operating assets					
Assets for margin deposits and benefits		(3,237,917)	(1,330,353)	-	-
Accounts receivable and accrued income		(320,198)	10,202	(343,115)	(19,370)
Other current assets		11,758	40,743	13,478	46,610
Assets for clearing system protection and benefits		(181,037)	(121,757)	(2,467)	(1,801)
Securities Investor Protection Fund		(41,552)	(35,469)	(41,552)	(35,469)
Derivatives Investor Protection Fund		(8,833)	(10,023)	-	-
Refundable deposits		(2,371)	421	(2,371)	411
Increase (decrease) in operating liabilities					
Margin deposits and benefits payables		3,237,917	1,330,353	-	-
Accounts payable and accrued expenses		(140,328)	(203,926)	(137,118)	(203,614)
Fees received in advance		(5,762)	2,254	(4,154)	11,305
Other current liabilities		(22,556)	(17,477)	(31,138)	(25,132)
Assets for clearing system protection and benefits payable		178,570	119,956	-	-
Contributions and benefits to Securities Investor Protection Fund		19,501	18,788	19,501	18,788
Contributions and benefits to Derivative Investor Protection Fund		7,989	8,855	-	-
Employee benefits paid	24	(3,034)	(10,772)	(2,554)	(10,772)
Current portion of employee benefits paid		-	(4,785)	-	(4,785)
Other non-current liabilities		2,270	(223)	1,373	(223)
Cash flows generated from operations		1,210,324	1,433,665	368,705	702,955
Less Income tax paid		(447,789)	(216,551)	(293,619)	(58,896)
<b>Net cash generated from operating activities</b>		<b>762,535</b>	<b>1,217,114</b>	<b>75,086</b>	<b>644,059</b>

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

**The Stock Exchange of Thailand and its Subsidiaries**

**Statements of Cash Flows (Cont'd)**

**For the year ended 31 December 2017**

		(Unit : Baht'000)			
		Consolidated		SET	
	Notes	2017	2016	2017	2016
<b>Cash flows from investing activities</b>					
Investment income received		826,669	453,882	749,471	444,589
Dividend received		214,644	409,019	506,931	826,294
Purchase of short-term investments	10	(3,607,599)	(6,727,979)	(3,607,599)	(6,727,979)
Proceeds from disposals of short-term investments	10	7,160,566	3,825,321	7,160,566	3,825,321
Proceeds from disposals of investment in subsidiaries	13	-	-	10,000	-
Purchase of investment in subsidiaries	13	-	-	(210,000)	(400,000)
Purchase of long-term investments	15	(3,535,643)	(2,519,728)	(3,535,643)	(2,519,728)
Proceeds from disposals of long-term investments	15	3,676,658	2,624,102	3,676,658	2,624,102
Payment for long-term loans to a subsidiary	8	-	-	(5,046,791)	-
Reserve fund for clearing and settlement		(5,124,320)	-	-	-
Purchase of property, plant and equipment		(189,693)	(208,742)	(189,693)	(208,742)
Proceeds from disposals of property, plant and equipment		411,887	2,471	411,563	2,471
Purchase of intangible assets		(77,202)	(69,180)	(77,202)	(69,180)
Proceeds from share of profit of investments in joint venture entity		4,555	8,497	-	-
Proceeds from share of profit of investments in associates		9,446	31,487	-	-
Benefits received from Securities Investor Protection Fund		12,589	12,082	12,589	12,082
Benefits received from Derivatives Investor Protection Fund		844	1,168	-	-
<b>Net cash used in investing activities</b>		<b>(216,599)</b>	<b>(2,157,600)</b>	<b>(139,150)</b>	<b>(2,190,770)</b>
<b>Cash flows from financing activities</b>					
Cash inflow on short-term borrowings from subsidiaries	8	-	-	457,000	895,000
Repayment of short-term borrowings from subsidiaries	8	-	-	(110,000)	(217,000)
Interest paid		-	-	(40,957)	(32,010)
<b>Net cash generated from financing activities</b>		<b>-</b>	<b>-</b>	<b>306,043</b>	<b>645,990</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>545,936</b>	<b>(940,486)</b>	<b>241,979</b>	<b>(900,721)</b>
Opening balance		782,959	1,723,445	612,363	1,513,084
<b>Closing balance</b>		<b>1,328,895</b>	<b>782,959</b>	<b>854,342</b>	<b>612,363</b>
<b>Supplemental disclosures of cash flows information</b>					
Cash and cash equivalents are as follows:					
Cash and cash equivalents	9	1,261,212	717,184	854,342	612,363
Cash at a banks for financial benefits payable		67,683	65,775	-	-
		<b>1,328,895</b>	<b>782,959</b>	<b>854,342</b>	<b>612,363</b>
<b>Significant non-cash transactions</b>					
Unrealised gain (loss) on available-for-sale securities		322,176	341,679	322,123	341,690
Unrealised gains (loss) on available-for-sale securities from Securities Investor Protection Fund		9,462	4,599	9,462	4,599
Other payables from purchase of assets		135,741	9,197	135,741	9,197
Classification of investments		-	1,193,260	-	1,193,260

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

**1 General information**

The Stock Exchange of Thailand (SET) is a juristic entity incorporated in Thailand under the Securities Exchange of Thailand Act B.E. 2517. The principal business activities of the SET are serving as the market or the centre for trading of securities and providing related services without the objective of distribution of profit to members. The SET commenced its trading of securities on 30 April 1975 and operates under the framework of the Securities Exchange of Thailand Act B.E. 2535. Its registered office is located at 93 Floor 17 Ratchadapisek Road, Kwaeng Din Daeng, Khet Din Daeng, Bangkok 10400, 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 market surveillance and supervision of 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 and other services comprise the operation of securities registrar and fund services.

The consolidated and entity financial statements were authorised for issue by the Board of Governors of the Stock Exchange of Thailand on 21 February 2018.

Details of the SET's subsidiaries, associates and joint venture entity as at 31 December 2017 and 2016 are as follows:

Name of entity	Type of business	Country of incorporation	Ownership interest %	
			2017	2016
Direct subsidiaries				
Thailand Securities Depository Co., Ltd.	Securities depository and registrar services	Thailand	100.00	100.00
Thai Trust Fund Management Co., Ltd.	Mutual fund management	Thailand	100.00	100.00
Thai NVDR Co., Ltd.	Investment management in Non-Voting Depository Receipts	Thailand	100.00	100.00
SETTRADE.COM Co., Ltd.	Computer system services	Thailand	100.00	100.00
Siam DR Co., Ltd. (the dissolution was registered on 31 July 2017)	Investment management in Depository Receipts	Thailand	-	100.00
Thailand Futures Exchange Public Company Limited	Derivatives exchange	Thailand	100.00	100.00
Thailand Clearing House Co., Ltd.	Clearing house and related back-office services for securities and derivatives contracts	Thailand	100.00	100.00
Finnet Innovation Network Co., Ltd.	Rendering payment service for the capital market	Thailand	100.00	-
Live Fin Corp Co., Ltd.	Provider of electronic network system for investment	Thailand	100.00	-
Joint venture entity				
Family Know-how Co., Ltd. (1)	Media business specialising in financial and investment information	Thailand	50.00	50.00
Associates				
Clearing Fund (2)	Fund	Thailand	10.41	11.37
TSFC Securities Public Company Limited (3)	Securities financing services and securities borrowing and lending	Thailand	40.65	40.65



**1 General information (Cont'd)**

Details of the SET's subsidiaries, associates and joint venture entity as at 31 December 2017 and 2016 are as follows: (Cont'd)

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

Family Know-how Co., Ltd. is a media company that broadcasts information about economics and investment for the benefits of investor. The business of Family Know-how is supported to the objectives of the SET group in promoting an investment culture. The SET has performed joint arrangement with a company which have rights to the net assets of the arrangement. Therefore, the investment in Family Know-how is classified as investment in joint venture entity.

Family Know-how Co., Ltd. is a private limited company and its stock is not traded in the market price.

**2) Clearing Fund**

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. The SET has no control over the Clearing Fund's operations, but has influences in policy and operation. Therefore, the investment in the Clearing Fund is classified as investment in an associate.

**3) TSFC Securities Public Company Limited (TSFC)**

TSFC Securities Public Company Limited has been established to provide liquidity for securities companies and to support to the further development of securities market. The SET has appointed 4 representatives to be member of the 12-member Board of Directors of TSFC. The Board of Directors will participate in the decision-making on monetary policies and operations of the company. Therefore, the investment in TSFC is classified as investment in an associate.

TSFC Securities Public Company Limited is a public company and its stock is not traded in the market price.

**2 Accounting policies**

**2.1 Basis of preparation**

The consolidated and entity financial statements have been prepared in accordance with Thai Financial Reporting Standards 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 Financial Reporting Standards 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 5.

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 Accounting policies

### 2.2 Revised financial reporting standards, and related interpretations

- 1) Revised financial reporting standards and interpretations are effective on 1 January 2017 which are relevant and have a significant impact to the Group:

TAS 27 (revised 2016)	Separate financial statements
TAS 28 (revised 2016)	Investments in associates and joint ventures
TAS 38 (revised 2016)	Intangible assets
TFRS 11 (revised 2016)	Joint arrangements

TAS 27 (revised 2016), the amendments allow an entity a policy choice to account for investments in subsidiaries, joint ventures and associates in its separate financial statements using the equity method as described in TAS 28 (revised 2016) in addition to measurement at cost or at fair value (when announced) previously allowed. The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively.

TAS 28 (revised 2016), the significant change is the amendments allow an entity which is not an investment entity, but has an interest in an associate or joint venture which is an investment entity, a policy choice when applying the equity method of accounting. The entity may choose to retain the fair value measurement applied by the investment entity associate or joint venture, or to unwind the fair value measurement and perform a consolidation at the level of the investment entity associate or joint venture.

TAS 38 (revised 2016), the amendments include a rebuttable presumption that the amortisation of intangible assets based on revenue is inappropriate. This presumption can be overcome if either the intangible asset is expressed as a measure of revenue (i.e. where a measure of revenue is the limiting factor on the value that can be derived from the asset), or it can be shown that revenue and the consumption of economic benefits generated by the asset are highly correlated.

TFRS 11 (revised 2016), the amendments clarify that 1) the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting and 2) existing interests in the joint operation are not remeasured on acquisition of an additional interest, provided joint control is maintained.

## **2 Accounting policies**

### **2.2 Revised financial reporting standards, and related interpretations (Cont'd)**

- 2) Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2018 which have significant changes and are relevant to the Group. The Group has not yet adopted these revised standards.

TAS 7 (revised 2017)	Statement of cash Flows
TAS 12 (revised 2017)	Income taxes
TFRS 12 (revised 2017)	Disclosure of interests in other entities

TAS 7 (revised 2017), the amendments require additional disclosure of changes in liabilities arising from financing activities. This includes changes arising from cash and non-cash.

TAS 12 (revised 2017), the amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profits.

TFRS 12 (revised 2017), the amendments clarify that the disclosure requirements of TFRS 12 apply to interests in entities that are classified as held for sale in the scope of TFRS 5 (revised 2017), except for the summarised financial information.

The Group's management assessed and considered that the above revised standards will not have a material impact on the Group except for disclosure.

### **2.3 Group Accounting - Investments in subsidiaries and associates and interests in joint ventures**

#### **1) Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains or loss on transactions between the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the SET's separated financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

#### **2) Transactions and non-controlling interests**

The Group treats transactions with non-controlling interests as transactions with the Fund. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in the Fund. Gains or losses on disposals to non-controlling interests are also recorded in the Fund.



**2 Accounting policies (Cont'd)**

**2.3 Group Accounting - Investments in subsidiaries and associates and interests in joint ventures (Cont'd)**

**3) Disposal of subsidiaries**

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in revenues and expenses. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive revenues and expenses in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

**4) Associates**

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive revenues and expenses is reclassified to revenues and expenses where appropriate.

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

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit/(loss) of associates in the statement of comprehensive revenues and expenses.

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

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the revenues and expenses.

In the SET's separated financial statements, investments in associates are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

**5) Joint venture**

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive revenues and expenses. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

## **2 Accounting policies (Cont'd)**

### **2.4 Foreign currencies**

#### **a) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Thai Baht, which is the Group's functional and the Group's presentation currency.

#### **b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the revenues or expenses.

When a gain or loss on a non-monetary item is recognised in other comprehensive revenues and expenses, any exchange component of that gain or loss is recognised in other comprehensive revenues and expenses. Conversely, when a gain or loss on a non-monetary item is recognised in revenues or expenses, any exchange component of that gain or loss is recognised in revenues or expenses.

### **2.5 Underlying assets**

Underlying assets are the financial assets carried by Thai NVDR Co., Ltd. (the subsidiary). The financial liabilities are the Non-Voting Depository Receipts (NVDRs). The subsidiary 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 subsidiary are responsible for issuing and selling NVDRs and making investments in listed companies in the Stock Exchange of Thailand at the same amount and in the same period (back to back). In addition to the entitlement of financial benefits of those underlying securities as the registered holder, the subsidiaries have an obligation to repay those financial benefits to the investors in the NVDRs as mentioned in the prospectus. Those benefits are not recognised as revenues or expenses of the subsidiary.

### **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 Accounting policies (Cont'd)**

### **2.7 Investments**

Investments other than investments in subsidiaries, associates and joint ventures 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 investments 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 statement of comprehensive revenues and expenses. The unrealised gains and losses of available-for-sale in investments are recognised in other comprehensive revenues and expenses.

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 revenues and expenses. When disposing of part of the Company'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 Accounting policies (Cont'd)**

### **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 - 50 years
Building improvements	3 - 30 years
Furniture and fixtures	5 - 20 years
Office equipment	5 - 20 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, patent and right in operation, 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 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 that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

## **2 Accounting policies (Cont'd)**

### **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**

#### **1) Retirement benefits**

The Group operates various retirement benefits schemes. The Group has both defined benefit and defined contribution plans.

A defined contribution plan is a retirement plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group pays contributions to a separate fund which is managed by an external fund manager in accordance with the provident fund Act, B.E. 2530. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

A defined benefit plan is a retirement plan that is not a defined contribution plan. Typically defined benefit plans define an amount of retirement benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit retirement plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement liability. The Group reviews the assumptions used annually.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the Fund in other comprehensive revenues and expenses in the period in which they arise.

Past-service costs are recognised immediately in revenues and expenses.

#### **2) Termination benefits**

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

## **2 Accounting policies (Cont'd)**

### **2.15 Provisions**

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

### **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 in the commencing day on which the service is rendered. Annual fees are recognised on a time proportion basis.

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 Accounting policies (Cont'd)**

### **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 Current and deferred income taxes**

The tax expense for the period comprises current and deferred tax. Tax is recognised in revenue or expense, except to the extent that it relates to items recognised in other comprehensive revenues and expenses or directly in fund balance. In this case the tax is also recognised in other comprehensive revenues and expenses or directly in fund balance, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### **2.20 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's senior management.

## **3 Financial risk management**

### **Financial risk factors**

The Group's activities expose it to a variety of financial risks: 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 are 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, liquidity and return on the appropriate level of risk.

**3 Financial risk management (Cont'd)**

**Financial risk factors (Cont'd)**

**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, except for investments in some foreign mutual funds which is in foreign currency. The Group has appropriately applied forward exchange contracts to hedge foreign exchange risk of such investments.

Accounting for derivative financial instruments and hedging activities

Foreign currency forward contracts protect the Group from movements in exchange rates. The Group enters into contract establishing the rate at which a foreign currency asset will be realised or a foreign currency liability will be settled in the future. The Group recognise foreign currency forward contracts transaction in the financial statements in fair value measurement. The unrealised gain (loss) from fair value measurement of foreign currency forward contracts will be included in unrealised gain (loss) on exchange rate in statements of comprehensive revenues and expenses.

Disclosures about derivative financial instruments to which the Group is a party are provided in note 37.

**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 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 the Group sell products and provide services to customers who have appropriate credit history.

**3.4 Liquidity risk**

The Group has no 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.

### 3 Financial risk management (Cont'd)

#### Financial risk factors (Cont'd)

#### 3.5 Risk from investments and deposits (Cont'd)

The investment policies framework regarding types and proportion of investments are as follows:

##### 1) Investments in debt securities

Type of investment	Proportion of 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% of total debt investment per institution.
Debentures or warrants of debentures and bills of exchange	Not to exceed 5% of total debt investment per issuer.
Investment units or warrants of investment units in mutual funds invested in debt securities	Not to exceed 10% of total debt investment per mutual fund.

##### 2) Investments in equity securities

Type of investment	Proportion of investment
Investment units or warrants of investment units in mutual funds invested in equity securities	Not to exceed 10% of total equity investment per each Fund, and not to exceed 10% of fund size.

##### 3) Investments in property funds

Type of investment	Proportion of investment
Property funds	Not to exceed 10% of fund size per each Fund, except for Fund of Property Funds, not to exceed 20% of fund size.

##### 4) Investments in foreign investment funds

Type of investment	Proportion of investment
Foreign investment funds	Foreign direct investment not to exceed 20%-30% of fund size per each Fund (2016: Not to exceed 20% - 30% of total investments) Direct investment in Exchange Traded Fund "ETF". Not to exceed 10% of foreign equity value per each fund.

##### 5) Investments in gold funds

Type of investment	Proportion of investment
Gold funds	Not to exceed 10% of fund size per mutual fund.

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



#### 4 Change in presentation

The Group made change in presentation of deferred tax on change in value of available-for-sale of investment amounting to Baht 97.38 million presented in the consolidated and separate financial statements not appropriate, reclassified the presentation of income tax expense in revenue over expenses to other comprehensive revenues and expenses. Comparative figures have been reclassified to conform with the current year presentation.

The effect of change in presentation of the above the statement of financial position of the Group as at 31 December 2016 are as follows;

(Unit : Baht'000)			
	Consolidated		
	As previously reported	Reclassification	Amount after reclassification
<b>Statements of financial position as at 31 December 2016</b>			
Funds	24,912,516	97,382	25,009,898
Other components of fund balances	485,145	(97,382)	387,763
(Unit : Baht'000)			
	SET		
	As previously reported	Reclassification	Amount after reclassification
<b>Statements of financial position as at 31 December 2016</b>			
Funds	23,605,014	97,382	23,702,396
Other components of fund balances	493,137	(97,382)	395,755

The effect of the above to the statement of comprehensive revenues and expenses for the year ended 31 December 2016 are as follows;

(Unit : Baht'000)			
	Consolidated		
	As previously reported	Reclassification	Amount after reclassification
<b>Statement of comprehensive revenues and expenses for the year ended 31 December 2016</b>			
<b>Comprehensive revenues and expenses</b>			
Income tax expense	(327,996)	97,382	(230,614)
Revenues over expenses	1,661,888	97,382	1,759,270
<b>Other comprehensive revenues and expenses</b>			
Income tax relating to items that will be reclassified subsequently to revenues and expenses	2	(97,382)	(97,380)
Total items that will be reclassified subsequently to revenues and expenses	346,280	(97,382)	248,898
(Unit : Baht'000)			
	SET		
	As previously reported	Reclassification	Amount after reclassification
<b>Statement of comprehensive revenues and expenses for the year ended 31 December 2016</b>			
<b>Comprehensive revenues and expenses</b>			
Income tax expense	(178,537)	97,382	(81,155)
Revenues over expenses	1,451,742	97,382	1,549,124
<b>Other comprehensive revenues and expenses</b>			
Income tax relating to items that will be reclassified subsequently to revenues and expenses	-	(97,382)	(97,382)
Total items that will be reclassified subsequently to revenues and expenses	346,289	(97,382)	248,907

## **5 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.

## **6 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.

## **7 Segment information**

Segment information is presented in respect of the Group's business segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

The Group comprises the following 5 main business segments:

- 1) Securities Markets (including securities trading, clearing and settlement, listing, depository and membership fees)
- 2) Derivatives Markets (including trading and clearing of future contracts and membership fees)
- 3) Technology Services (including member services, information services and technology support)
- 4) Registrar Services (including securities registrar)
- 5) Capital market development and others, i.e., expenses for Capital Market Development Fund (CMDf), rental income and other miscellaneous income. CMDf focuses on long-term development of capital market including improving financial and investment capabilities of Thai people and executives, promoting sustainable development of capital market industry, conducting of capital market research, and promoting leadership management.

Financial information presented in the consolidated financial statements as at 31 December 2017 and 2016 and for the years ended 31 December 2017 and 2016 are as follows:

	<b>Consolidated</b>						<b>(Unit : Baht'000)</b>
	<b>Securities Markets</b>	<b>Derivatives Markets</b>	<b>Technology Services</b>	<b>Registrar Services</b>	<b>Capital Market Development and others</b>	<b>Elimination</b>	<b>Total</b>
<b>For the year ended 31 December 2017</b>							
Revenues from operation	2,780,527	669,208	540,706	1,064,660	231,142	-	5,286,243
Revenue from inter-segment	702,270	488,977	107,194	514,020	7,588	(1,820,049)	-
Total revenue	3,482,797	1,158,185	647,900	1,578,680	238,730	(1,820,049)	5,286,243
<b>Segment revenues over expenses</b>	<u>1,010,780</u>	<u>227,427</u>	<u>169,863</u>	<u>332,881</u>	<u>(272,564)</u>	<u>-</u>	<u>1,468,387</u>
Investment income, net							1,045,019
Share of profit of investments in joint venture entity, net of tax							1,481
Share of profit of investments in associates, net of tax							32,669
<b>Revenues over expenses in operations</b>							2,547,556
<b>Non-operating items:</b>							
Income derived from Securities Investor Protection Fund, net							9,215
Income derived from Derivatives Investor Protection Fund, net							622
Contributions to the Stock Exchange of Thailand Foundation							(221,075)
<b>Revenues over expenses before income tax expenses</b>							2,336,318
Income tax expense							(503,729)
<b>Revenues over expenses</b>							<u>1,832,589</u>
<b>As at 31 December 2017</b>							
Segment assets	4,307,978	26,622,029	951,291	763,121	358,909	(5,525,054)	27,478,274
Other assets	-	-	-	-	22,164,025	(4,446,393)	17,717,632
<b>Total assets</b>	<u>4,307,978</u>	<u>26,622,029</u>	<u>951,291</u>	<u>763,121</u>	<u>22,522,934</u>	<u>(9,971,447)</u>	<u>45,195,906</u>
Segment liabilities	1,499,238	20,664,034	209,357	441,524	531,960	(5,525,054)	17,821,059
Other liabilities	-	-	-	-	2,921,500	(2,921,500)	-
<b>Total liabilities</b>	<u>1,499,238</u>	<u>20,664,034</u>	<u>209,357</u>	<u>441,524</u>	<u>3,453,460</u>	<u>(8,446,554)</u>	<u>17,821,059</u>

7 Segment information (Cont'd)

Financial information presented in the consolidated financial statements as at 31 December 2017 and 2016 and for the years ended 31 December 2017 and 2016 are as follows: (Cont'd)

	(Unit : Baht'000)						
	Consolidated						
	Securities Markets	Derivatives Markets	Technology Services	Registrar Services	Capital Market Development and others	Elimination	Total
<b>For the year ended 31 December 2016</b>							
Revenues from operation	2,816,856	792,389	511,357	1,018,481	141,069	-	5,280,152
Revenue from inter-segment	741,936	586,368	108,248	523,853	16,099	(1,976,504)	-
Total revenue	3,558,792	1,378,757	619,605	1,542,334	157,168	(1,976,504)	5,280,152
<b>Segment revenues over expenses</b>	<u>1,188,012</u>	<u>434,024</u>	<u>188,812</u>	<u>339,946</u>	<u>(564,300)</u>	<u>-</u>	<u>1,586,494</u>
Investment income, net							766,861
Share of profit of investments in joint venture entity , net of tax							5,007
Share of profit of investments in associates, net of tax							20,824
<b>Revenues over expenses in operations</b>							2,379,186
<b>Non-operating items:</b>							
Income derived from Securities Investor Protection Fund, net							11,124
Income derived from Derivatives Investor Protection Fund, net							764
Contributions to the Stock Exchange of Thailand Foundation							(401,190)
<b>Revenues over expenses before income tax expense</b>							1,989,884
Income tax expense							(230,614)
<b>Revenues over expenses</b>							<u>1,759,270</u>
<b>As at 31 December 2016</b>							
Segment assets	4,713,233	12,796,467	1,214,340	643,562	147,615	(347,599)	19,167,618
Other assets	-	-	-	-	24,290,138	(3,918,899)	20,371,239
Total assets	<u>4,713,233</u>	<u>12,796,467</u>	<u>1,214,340</u>	<u>643,562</u>	<u>24,437,753</u>	<u>(4,266,498)</u>	<u>39,538,857</u>
Segment liabilities	1,234,010	12,092,857	161,458	313,941	686,527	(347,599)	14,141,194
Other liabilities	-	-	-	-	2,574,500	(2,574,500)	-
Total liabilities	<u>1,234,010</u>	<u>12,092,857</u>	<u>161,458</u>	<u>313,941</u>	<u>3,261,027</u>	<u>(2,922,099)</u>	<u>14,141,194</u>

Reconciliation of reportable segment assets/liabilities were as follows:

	(Unit : Baht'000)	
	Consolidated	
	2017	2016
<b>Assets</b>		
<b>Assets for reportable segments</b>	27,478,274	19,167,618
Unallocated amounts:		
- Cash and investments	15,537,537	18,352,073
- Investments in related parties	973,019	953,512
- Accrued interest receivables	25,692	37,687
- Land and building under construction	1,181,384	1,027,967
<b>Total assets</b>	<u>45,195,906</u>	<u>39,538,857</u>
<b>Liabilities</b>		
<b>Liabilities for reportable segments</b>	17,821,059	14,141,194
<b>Total liabilities</b>	<u>17,821,059</u>	<u>14,141,194</u>

## **8 Related party transactions**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the entity, including holding companies, subsidiaries and fellow subsidiaries are related parties of the entity. Associates and individuals owning, directly or indirectly, an interest in the voting power of the entity that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related-party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

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:

<b>Transaction</b>	<b>Pricing policy</b>
Service income	Cost plus margin
Purchase of services	Cost plus margin
Interest income	With reference to the return of bank deposit and debt securities
Interest expense	The interest rate on the loan is based on the floating market interest rate which is referred to the higher interest rate for one-year government bond or one-year fixed deposit on average of 4 banks for corporate credit line of Baht 10 million

Related party transactions for the years ended 31 December 2017 and 2016 were as follows:

	<b>(Unit : Baht'000)</b>			
	<b>Consolidated</b>		<b>SET</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Service income</b>				
Subsidiaries	-	-	1,639,405	1,826,333
Joint venture entity	16,195	14,527	14,995	13,907
Associates	1,680	1,710	-	-
	<u>17,875</u>	<u>16,237</u>	<u>1,654,400</u>	<u>1,840,240</u>
<b>Purchase of services</b>				
Subsidiaries	-	-	44,629	15,120
Joint venture entity	95,319	92,629	94,119	92,029
	<u>95,319</u>	<u>92,629</u>	<u>138,748</u>	<u>107,149</u>
<b>Interest income</b>				
Subsidiaries	-	-	100,710	2,160
<b>Interest expense</b>				
Subsidiaries	-	-	40,957	32,010

8 Related party transactions (Cont'd)

Related party balances as at 31 December 2017 and 2016 were as follows:

	<b>Consolidated</b>		<b>(Unit : Baht'000)</b>	
	<b>2017</b>	<b>2016</b>	<b>SET</b>	
			<b>2017</b>	<b>2016</b>
<b>Accounts receivable</b>				
Subsidiaries	-	-	749	-
Joint venture entity	304	137	304	137
	<u>304</u>	<u>137</u>	<u>1,053</u>	<u>137</u>
<b>Accrued income</b>				
Subsidiaries	-	-	204,750	187,929
Joint venture entity	460	2,236	460	1,636
Associates	140	140	-	-
	<u>600</u>	<u>2,376</u>	<u>205,210</u>	<u>189,565</u>
<b>Accrued interest receivable</b>				
Subsidiaries	-	-	97,878	-
	<u>-</u>	<u>-</u>	<u>97,878</u>	<u>-</u>
<b>Other current assets</b>				
Subsidiaries	-	-	124	84
Joint venture entity	16	5	16	5
	<u>16</u>	<u>5</u>	<u>140</u>	<u>89</u>
<b>Account payables</b>				
Subsidiaries	-	-	755	139
Joint venture entity	32	81	32	81
	<u>32</u>	<u>81</u>	<u>787</u>	<u>220</u>
<b>Accrued expenses</b>				
Subsidiaries	-	-	17,669	5,914
Joint venture entity	16,450	9,340	16,450	8,740
	<u>16,450</u>	<u>9,340</u>	<u>34,119</u>	<u>14,654</u>
<b>Fees received in advance</b>				
Subsidiaries	-	-	3,085	-
Joint venture entity	1,759	1,759	1,759	1,759
	<u>1,759</u>	<u>1,759</u>	<u>4,844</u>	<u>1,759</u>
<b>Other current liabilities</b>				
Subsidiaries	-	-	49	-
Joint venture entity	150	139	150	139
	<u>150</u>	<u>139</u>	<u>199</u>	<u>139</u>

8 Related party transactions (Cont'd)

Short-term borrowings from subsidiaries

	Interest rate (% per annum)		(Unit : Baht'000)	
			SET	
	2017	2016	2017	2016
Short-term borrowings from subsidiaries	1.36 - 1.56	1.36 - 2.00	2,921,500	2,574,500

The Group has a policy of centralising the investments and managed by the SET in order to maximize its efficiency and overall returns. The parent will borrow from its subsidiaries in the form of one-year promissory notes. The interest rate on the loan is based on the floating market interest rate which is referred to the higher interest rate for one-year government bond or one-year fixed deposit on average of 4 banks for corporate credit line of up to Baht 10 million (interest rate may be revised as appropriate).

Movements of short-term borrowings from subsidiaries for the years ended 31 December 2017 and 2016 were as follows:

	(Unit : Baht'000)	
	SET	
	2017	2016
<b>Subsidiaries</b>		
Opening balance	2,574,500	1,896,500
Additions	457,000	895,000
Repayments	(110,000)	(217,000)
Closing balance	2,921,500	2,574,500

Long-term loans to a subsidiary

	(Unit : Baht'000)	
	SET	
	2017	2016
Long-term loans to a subsidiary	5,046,791	-

SET (the parent) lent to a subsidiary to use as a reserve fund to enhance the competitiveness and support the future business expansion. The loan is in the form of non-convertible promissory notes. The redemption is referred to the net return of a private fund plus 0.50% per annum of principle balance.

Movements of long-term loans to a subsidiary for the years ended 31 December 2017 and 2016 were as follows:

	(Unit : Baht'000)	
	SET	
	2017	2016
Opening balance	-	-
Additions	5,046,791	-
Repayments	-	-
Closing balance	5,046,791	-

Sponsorship for joint venture entity

Under the shareholder agreement between the SET and a third party, the SET will be a principal sponsor of a joint venture's program of Baht 90 million in 2017 (2016: Baht 90 million).



**8 Related party transactions (Cont'd)**

**Contributions to the Stock Exchange of Thailand Foundation**

SET realizes the importance of corporate social responsibility (CSR) alongside the core business. To grow the business sustainably, the corporation must be CSR-minded and must put into practice basis, SET has established The Stock Exchange of Thailand Foundation to support outstanding CSR projects that greatly benefit the society and the country as a whole.

The Foundation was established on 9 August 2006. The SET's Board governors are also the committee members of the foundation, by position. The Foundation supports three key CSR areas; 1) Doing Good 2) Region, Arts and Culture, and 3) Sports and Society.

SET allocated its annual revenues over expenses to support the implementation of the Foundation. Since 2006, SET appropriated one-third of revenues over expenses. On 9 August 2016, an adjustment was made to allocate 13% of revenues over expenses before income tax.

For the year ended 31 December 2017, the SET appropriated its annual revenues over expenses of Baht 221.08 million (2016: Baht 401.19 million) to the Foundation.

**Directors' remuneration**

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

	(Unit : Baht'000)			
	Consolidated		SET	
	2017	2016	2017	2016
Director's remuneration	26,323	25,287	22,761	22,203
	<u>26,323</u>	<u>25,287</u>	<u>22,761</u>	<u>22,203</u>

**9 Cash and cash equivalents**

	(Unit : Baht'000)			
	Consolidated		SET	
	2017	2016	2017	2016
Cash on hand	350	314	332	310
Savings and current accounts	1,260,862	716,870	854,010	612,053
	<u>1,261,212</u>	<u>717,184</u>	<u>854,342</u>	<u>612,363</u>

For the year ended 31 December 2017, savings accounts carried the interest at rates ranging from 0.10% - 1.20% per annum (2016: from 0.10% - 1.25% per annum).

10 Short-term investments, net

		(Unit : Baht'000)			
		Consolidated		SET	
Note		2017	2016	2017	2016
<b>Investments managed by SET</b>					
	General investments	7,394	35,507	7,394	35,507
	<u>Less</u> Allowance for impairment losses	-	(10,918)	-	(10,918)
		7,394	24,589	7,394	24,589
	Available-for-sales	2,925,952	1,662,810	2,925,952	1,662,810
	Held-to-maturity debt securities	-	10,000	-	10,000
15		2,933,346	1,697,399	2,933,346	1,697,399
<b>Investments managed by private funds</b>					
	Held-to-maturity debt securities	364,946	650,882	364,946	650,882
	Trading securities	3,351,602	7,828,762	3,351,602	7,828,762
		3,716,548	8,479,644	3,716,548	8,479,644
		6,649,894	10,177,043	6,649,894	10,177,043

**Investments managed by the SET**

General investments:

As at 31 December 2017, investments in specific-purpose funds represented investments in 1 open-ended venture capital funds (2016: 2 open-ended venture capital funds). The details are as follows:

- 1) 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).
- 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. On 26 August 2017, the fund is at maturity date, and SET has redeemed all the investment.

Available-for-sales:

As at 31 December 2017, investments in money market funds represent investments in 8 open-ended funds (2016: 7 open-ended fund). The investment policy emphasises investments in short-term debt securities.

As of 31 December 2017, investments in foreign investment funds totalling 82,669 units, amounting to Baht 696.44 million represent investments in a direct investment through Siam Commercial Bank (SCB), which is a custodian to the SET. Euroclear is a custodian bank in foreign countries to invest in US dollars in 3 foreign funds (starting from October 2017).

Held-to-maturity debt securities:

As at 31 December 2017, no held-to-maturity debt securities (2016: debentures had coupon rates at 4.50% per annum and market yields at 1.83% per annum).

**10 Short-term investments, net (Cont'd)**

**Investments managed by private funds**

Held-to-maturity debt securities:

As at 31 December 2017 and 2016 presented savings account and fixed deposit accounts.

Trading securities:

As at 31 December 2017 investments in private funds are managed by 2 asset management companies (2016: 3 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 2017, the return rates for investments managed by private funds ranged from 2.35% - 2.53% per annum (2016: from 0.96% - 1.93% per annum).

Movements of short-term investments for the years ended 31 December 2017 and 2016 were as follows:

	(Unit : Baht'000)			
	Consolidated		SET	
	2017	2016	2017	2016
Opening balance	10,177,043	6,086,024	10,177,043	6,086,024
Purchases	3,607,599	6,727,979	3,607,599	6,727,979
Disposals	(7,160,566)	(3,825,321)	(7,160,566)	(3,825,321)
Classification of investments (Note15)	-	1,193,260	-	1,193,260
Unrealised gain (loss) on available-for-sale securities	14,900	(4,899)	14,900	(4,899)
Reversal of allowance for impairment	10,918	-	10,918	-
Closing balance	6,649,894	10,177,043	6,649,894	10,177,043

**11 Accounts receivable and accrued income, net**

	Note	(Unit : Baht'000)			
		Consolidated		SET	
		2017	2016	2017	2016
<b>Accounts receivable</b>					
Related parties	8	304	137	1,053	137
Other parties		401,189	72,055	364,299	34,182
		401,493	72,192	365,352	34,319
<u>Less</u> Allowance for doubtful accounts		(15,128)	(15,128)	(5,024)	(5,024)
		386,365	57,064	360,328	29,295
<b>Accrued income</b>					
Related parties	8	600	2,376	205,210	189,565
Other parties		275,976	283,303	113,337	116,900
		276,576	285,679	318,547	306,465
		662,941	342,743	678,875	335,760

**11 Accounts receivable and accrued income, net (Cont'd)**

Aging analysis for accounts receivable is as follows:

	Note	(Unit : Baht'000)			
		Consolidated		SET	
		2017	2016	2017	2016
<b>Related parties</b>					
Within credit terms	8	304	137	1,053	137
		304	137	1,053	137
<b>Other parties</b>					
Within credit terms		366,368	46,730	341,437	21,500
Overdue:					
Less than 3 months		19,693	10,197	17,838	7,658
3 - 6 months		-	-	-	-
6 - 12 months		-	-	-	-
Over 12 months		15,128	15,128	5,024	5,024
		401,189	72,055	364,299	34,182
<u>Less</u> Allowance for doubtful accounts		(15,128)	(15,128)	(5,024)	(5,024)
		386,061	56,927	359,275	29,158
		386,365	57,064	360,328	29,295

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

**12 Other current assets**

	(Unit : Baht'000)			
	Consolidated		SET	
	2017	2016	2017	2016
Financial benefits to unit holders	78,151	72,942	-	-
Prepaid expenses	29,894	27,512	29,969	27,102
Loans to employees	26,949	25,882	26,949	25,882
Withholding tax receivable	21,803	19,456	-	-
Receivables from transferring the rights of building	13,066	-	13,066	-
Accounts receivable from net fair values of forward exchange contracts	9,106	-	9,106	-
Inventory - publication	6,032	5,139	6,032	5,139
Pending input tax	5,726	4,859	5,772	4,682
Value added tax receivable	2,204	5,211	-	-
Thai Stock Market Flood Relief Fund	-	36,775	-	36,775
Other receivables from sale of investments	-	5,000	-	5,000
Others	6,874	5,440	6,118	4,910
	199,805	208,216	97,012	109,490

### 13 Investments in subsidiaries

Investments in subsidiaries as at 31 December 2017 and 2016, and dividend income for the years then ended were as follows:

	(Unit : Baht'000)							
	Ownership interest %		SET					
			Paid-up capital		Cost method		Dividend income	
	2017	2016	2017	2016	2017	2016	2017	2016
<b>Subsidiaries</b>								
Thailand Securities Depository Co., Ltd.	100.00	100.00	200,000	200,000	200,000	200,000	184,014	376,194
Thai Trust Fund Management Co., Ltd.	100.00	100.00	100,000	100,000	100,000	100,000	180	196
Thai NVDR Co., Ltd.	100.00	100.00	10,000	10,000	10,000	10,000	1,050	829
SETTRADE.COM Co., Ltd.	100.00	100.00	80,000	80,000	74,591	74,591	-	-
Siam DR Co., Ltd. <sup>(1)</sup>	-	100.00	-	10,000	-	10,000	70	98
Thailand Futures Exchange Public Company Limited	100.00	100.00	500,000	500,000	500,000	500,000	40,300	-
Thailand Clearing House Co., Ltd.	100.00	100.00	600,000	600,000	602,700	602,700	52,680	-
Live Fin Corp Co., Ltd. <sup>(2)</sup>	100.00	-	10,000	-	10,000	-	-	-
Finnet Innovation Network Co., Ltd. <sup>(3)</sup>	100.00	-	200,000	-	200,000	-	-	-
			<u>1,700,000</u>	<u>1,500,000</u>	<u>1,697,291</u>	<u>1,497,291</u>	<u>278,294</u>	<u>377,317</u>

The business place of all subsidiaries is in Thailand and the nature of business of each subsidiary has already disclosed in Note 1.

<sup>(1)</sup> At the Extraordinary Shareholder's meeting no. 1/2017 held on 21 July 2017, the shareholders resolved to dissolve the company. The dissolution was registered with the Ministry of Commerce on 31 July 2017 and the repayment of paid-up capital was to Baht 10,000,000 to SET.

<sup>(2)</sup> The total number of authorized ordinary shares is 1,000,000 shares with a par value of Baht 10 per share. All issued shares were fully paid. On 23 June 2017, subsidiary received subscription of 1,000,000 shares at Baht 10 par value which were priced at Baht 10 per share. The paid-up share capital totaling Baht 10,000,000. Subsidiary registered the capital with the Ministry of Commerce on 26 June 2017.

<sup>(3)</sup> The total number of authorized ordinary shares is 20,000,000 shares with a par value of Baht 10 per share. All issued shares were fully paid. On 23 August 2017, subsidiary received subscription of 20,000,000 shares at Baht 10 par value which were priced at Baht 10 per share. The paid-up share capital totaling Baht 200,000,000. Subsidiary registered the capital with the Ministry of Commerce on 25 August 2017.

**14 Investments in associates and joint venture entity, net**

**Investments accounted for using equity method**

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

	(Unit: Baht'000)			
	Consolidated		SET	
	2017	2016	2017	2016
Associates	914,065	890,787	775,620	775,620
Joint venture entity	58,954	62,725	25,000	25,000
At 31 December	973,019	953,512	800,620	800,620

The amounts recognised in the statement of comprehensive revenues and expenses in share of profit of investments in associates and joint venture entity (net of tax) are as follows:

	(Unit: Baht'000)			
	Consolidated		SET	
	2017	2016	2017	2016
Associates	32,669	20,824	-	-
Joint venture entity	1,481	5,007	-	-
For the year ended 31 December	34,150	25,831	-	-



14 Investments in associates and joint venture entity, net (Cont'd)

14 (a) Investment in associates

Set out below are the associates of the Group as at 31 December 2017 and 2016, which in the opinion of the directors, are not material to the Group. The associates as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group.

(Unit : Baht'000)										
	Ownership interest		Consolidated							
	%		Paid-up capital		Cost method, net		Equity method		Dividend income	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>Associates</b>										
Clearing Fund ("CLF")	10.41	11.37	1,916,453	1,699,421	100,000	100,000	199,530	196,763	-	-
TSFC Securities Public Company Limited ("TSFC")	40.65	40.65	1,549,126	1,549,126	675,620	675,620	714,535	694,024	-	-
					775,620	775,620	914,065	890,787	-	-

(Unit : Baht'000)												
	Ownership interest %		SET									
			Paid-up capital		Cost method		Impairment		At cost, net		Dividend income	
			2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>Associates</b>												
Clearing Fund (“CLF”)	10.41	11.37	1,916,453	1,699,421	100,000	100,000	-	-	100,000	100,000	-	-
TSFC Securities Public Company Limited (“TSFC”)	40.65	40.65	1,549,126	1,549,126	679,015	679,015	(3,395)	(3,395)	675,620	675,620	9,446	31,487
					779,015	779,015	(3,395)	(3,395)	775,620	775,620	9,446	31,487

The business place of all associates is in Thailand and the nature of business of each associate has already disclosed in Note 1.

**14 Investments in associates and joint venture entity, net (Cont'd)**

**14 (a) Investment in associates (Cont'd)**

The Group also has interests in a number of individually immaterial associates that are accounted for using the equity method in the Consolidated.

	<b>(Unit: Baht'000)</b>					
	<b>2017</b>			<b>2016</b>		
	<b>CLF</b>	<b>TSFC</b>	<b>Total</b>	<b>CLF</b>	<b>TSFC</b>	<b>Total</b>
Aggregate carrying amount of individually immaterial associates	199,530	714,535	914,065	196,763	694,024	890,787
Aggregate amounts of the reporting entity's share of;						
Revenues over expenses from continuing activities, net of tax	2,767	29,902	32,669	3,498	17,326	20,824
Other comprehensive revenues and expenses, net of tax	-	55	55	-	(9)	(9)
<b>Total comprehensive revenues and expenses, net of tax</b>	<b>2,767</b>	<b>29,957</b>	<b>32,724</b>	<b>3,498</b>	<b>17,317</b>	<b>20,815</b>

The Group has no contingent liabilities relating to associates.

14 Investments in associates and joint venture entity, net (Cont'd)

14 (b) Investment in joint venture entity

The joint venture listed below has share capital consisting solely of preferred shares, which is held directly by the Group.

		(Unit : Baht'000)							
		Consolidated							
Ownership interest		Paid-up capital		Equity method		Dividend income			
%									
2017	2016	2017	2016	2017	2016	2017	2016		
<b>Joint venture entity</b>									
Family Know-how Co., Ltd.		50.00	50.00	50,000	50,000	58,954	62,725	-	-

		(Unit : Baht'000)						
		SET						
Ownership interest %		Paid-up capital		Cost method		Dividend income		
2017	2016	2017	2016	2017	2016	2017	2016	
Joint venture entity								
Family Know-how Co., Ltd.	50.00	50.00	50,000	50,000	25,000	25,000	4,555	8,497

The business place of joint venture entity is in Thailand and the nature of business of joint venture entity has already disclosed in Note 1.

**14 Investments in associates and joint venture entity, net (Cont'd)**

**14 (b) Investment in joint venture entity (Cont'd)**

The Group also has interests in a immaterial joint venture entity that is accounted for using the equity method.

	<b>(Unit : Baht'000)</b>	
	<b>2017</b>	<b>2016</b>
Aggregate carrying amount of joint venture entity	58,954	62,725
Aggregate amounts of the reporting entity's share of:		
Revenues over expenses from continuing activities, net of tax	1,481	5,007
Other comprehensive revenues and expenses, net of tax	697	-
<b>Total comprehensive revenue and expenses, net of tax</b>	<b>2,178</b>	<b>5,007</b>

The Group has no contingent liabilities related to joint venture entity.

**15 Long-term investments, net**

	<b>(Unit : Baht'000)</b>			
	<b>Consolidated</b>		<b>SET</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Available-for-sale investments	7,039,098	6,857,996	7,039,098	6,857,996
Held-to-maturity debt securities	1,426,809	1,441,728	1,426,809	1,441,728
General investments	12,361	12,336	12,361	12,336
	<b>8,478,268</b>	<b>8,312,060</b>	<b>8,478,268</b>	<b>8,312,060</b>

Available-for-sale investments :

As at 31 December 2017, investments in general mutual funds represented investments in 33 open-ended funds, which have a policy of emphasising investment in equity securities of listed companies (2016: 17 funds) and 1 gold fund (2016: 1 gold fund).

As at 31 December 2017, investments in property funds represented 5 closed-end non-redeemable mutual funds (2016: 11 funds). These funds were established for acquiring, leasing and transferring properties and/or their leasehold rights and providing for income-generating properties. All these property funds are listed and traded on the Stock Exchange of Thailand.

As at 31 December 2017, no investment in infrastructure fund (2016: investment in infrastructure fund represented investment in 1 closed-end and non-redeemable mutual fund). Key objective of this fund is to raise money from both local and foreign investors and invest in potential infrastructure that has capability to generate stable and sustainable income for the fund so that the fund could make continuous distribution to its unitholders. This infrastructure fund is listed and traded on the Stock Exchange of Thailand.

As at 31 December 2017, investments in foreign investment funds represented investments in 20 open-ended funds (2016: 23 funds). The Feeder Fund policy is to emphasise investment in foreign fund securities.

Held-to-maturity debt securities:

As at 31 December 2017, fixed deposit accounts represented fixed deposits at banks which had maturities over one year and carried interest at rates 4% per annum (2016: 4.00% per annum).

As at 31 December 2017, cash at banks by M.O.U. used as security for housing loans provided to employees of the Group by a bank under a Memorandum of Understanding is Baht 529.27 million (2016: Baht 544.19 million).

As at 31 December 2017, debenture which had maturities over one year, coupon rate at 4.95% per annum (2016: 4.95% per annum) and market yields at 3.52% per annum (2016: at 4.15% per annum).

General investments:

As at 31 December 2017, investments in 1 specific-purpose fund for open-ended venture capitals funds (2016: 2 specific-purpose funds).

**15 Long-term investments, net (Cont'd)**

Movements of long-term investments for the years ended 31 December 2017 and 2016 were as follows:

	(Unit : Baht'000)			
	Consolidated		SET	
	2017	2016	2017	2016
Opening balance	8,312,060	9,263,105	8,312,060	9,263,105
Purchases	3,535,643	2,519,728	3,535,643	2,519,728
Disposals	(3,676,658)	(2,624,102)	(3,676,658)	(2,624,102)
Classification of investments (Note 10)	-	(1,193,260)	-	(1,193,260)
Unrealised gain on available-for-sale securities	307,223	346,589	307,223	346,589
Closing balance	8,478,268	8,312,060	8,478,268	8,312,060

As at 31 December 2017 and 2016, 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 2017**

Held-to-maturity debt securities

Debentures - 10,000 - 10,000

Deposits at banks - 887,540 529,269 1,416,809

- 897,540 529,269 1,426,809

**31 December 2016**

Held-to-maturity debt securities

Debentures 10,000 10,000 - 20,000

Deposits at banks - 887,540 544,188 1,431,728

10,000 897,540 544,188 1,451,728

		(Unit : Baht'000)	
		SET	
		Due	

**31 December 2017**

Held-to-maturity debt securities

Debentures - 10,000 - 10,000

Deposits at banks - 887,540 529,269 1,416,809

- 897,540 529,269 1,426,809

**31 December 2016**

Held-to-maturity debt securities

Debentures 10,000 10,000 - 20,000

Deposits at banks - 887,540 544,188 1,431,728

10,000 897,540 544,188 1,451,728

**15 Long-term investments, net (Cont'd)**

As at 31 December 2017 and 2016, the fair value of held-to-maturity debt securities were as follows:

		(Unit : Baht'000)			
		Consolidated			
		Amortised cost, net		Fair value	
		2017	2016	2017	2016
Debtentures		10,000	20,000	10,266	20,417
Deposits at banks		1,416,809	1,431,728	1,353,692	1,386,360
		1,426,809	1,451,728	1,363,958	1,406,777
<u>Less</u>	Classification of investments to short-term investment (Note 10)	-	(10,000)	-	(10,198)
		<u>1,426,809</u>	<u>1,441,728</u>	<u>1,363,958</u>	<u>1,396,579</u>

  

		(Unit : Baht'000)			
		SET			
		Amortised cost, net		Fair value	
		2017	2016	2017	2016
Debtentures		10,000	20,000	10,266	20,417
Deposits at banks		1,416,809	1,431,728	1,353,692	1,386,360
		1,426,809	1,451,728	1,363,958	1,406,777
<u>Less</u>	Classification of investments to short-term investment (Note 10)	-	(10,000)	-	(10,198)
		<u>1,426,809</u>	<u>1,441,728</u>	<u>1,363,958</u>	<u>1,396,579</u>

16 Property, plant and equipment, net

	(Unit : Baht'000)					
	Consolidated					
	Land and land improvements	Buildings and building improvements	Furniture, fixtures and office equipment	Motor vehicles	Work in process/ building under construction	Total
<b>As at 1 January 2016</b>						
Cost	1,014,097	4,865,513	1,453,206	3,238	28,578	7,364,632
<u>Less</u> Accumulated depreciation	-	(822,250)	(860,665)	(1,613)	-	(1,684,528)
Net book amount	1,014,097	4,043,263	592,541	1,625	28,578	5,680,104
<b>For the year ended 31 December 2016</b>						
Opening net book amount	1,014,097	4,043,263	592,541	1,625	28,578	5,680,104
Additions	-	6,047	67,447	2,372	139,985	215,851
Disposals/write-off	-	(30)	(44)	(2,072)	-	(2,146)
Depreciation charge	-	(233,054)	(123,367)	(95)	-	(356,516)
Transfer	-	83,510	71,184	-	(154,694)	-
Closing net book amount	1,014,097	3,899,736	607,761	1,830	13,869	5,537,293
<b>As at 31 December 2016</b>						
Cost	1,014,097	4,955,022	1,474,651	3,538	13,869	7,461,177
<u>Less</u> Accumulated depreciation	-	(1,055,286)	(866,890)	(1,708)	-	(1,923,884)
Net book amount	1,014,097	3,899,736	607,761	1,830	13,869	5,537,293
<b>For the year ended 31 December 2017</b>						
Opening net book amount	1,014,097	3,899,736	607,761	1,830	13,869	5,537,293
Additions	-	3,700	36,511	615	281,384	322,210
Disposals/write-off	-	(371,540)	(5,185)	(2,185)	-	(378,910)
Depreciation charge	-	(220,396)	(122,742)	(60)	-	(343,198)
Transfer	-	2,660	36,443	-	(39,103)	-
Closing net book amount	1,014,097	3,314,160	552,788	200	256,150	5,137,395
<b>As at 31 December 2017</b>						
Cost	1,014,097	3,990,700	1,321,750	388	256,150	6,583,085
<u>Less</u> Accumulated depreciation	-	(676,540)	(768,962)	(188)	-	(1,445,690)
Net book amount	1,014,097	3,314,160	552,788	200	256,150	5,137,395



16 Property, plant and equipment, net (Cont'd)

	(Unit : Baht'000)					
	SET					
	Land and land improvements	Buildings and building improvements	Furniture, fixtures and office equipment	Motor vehicles	Work in process/ building under construction	Total
<b>As at 1 January 2016</b>						
Cost	1,014,097	4,863,796	1,373,707	3,238	28,578	7,283,416
<u>Less</u> Accumulated depreciation	-	(820,890)	(782,598)	(1,613)	-	(1,605,101)
Net book amount	1,014,097	4,042,906	591,109	1,625	28,578	5,678,315
<b>For the year ended 31 December 2016</b>						
Opening net book amount	1,014,097	4,042,906	591,109	1,625	28,578	5,678,315
Additions	-	6,047	67,447	2,372	139,985	215,851
Disposals/write-off	-	(30)	(37)	(2,072)	-	(2,139)
Depreciation charge	-	(233,013)	(123,059)	(95)	-	(356,167)
Transfer	-	83,510	71,184	-	(154,694)	-
Closing net book amount	1,014,097	3,899,420	606,644	1,830	13,869	5,535,860
<b>As at 31 December 2016</b>						
Cost	1,014,097	4,953,305	1,402,212	3,538	13,869	7,387,021
<u>Less</u> Accumulated depreciation	-	(1,053,885)	(795,568)	(1,708)	-	(1,851,161)
Net book amount	1,014,097	3,899,420	606,644	1,830	13,869	5,535,860
<b>For the year ended 31 December 2017</b>						
Opening net book amount	1,014,097	3,899,420	606,644	1,830	13,869	5,535,860
Additions	-	3,700	36,511	615	281,384	322,210
Disposals/write-off	-	(371,252)	(5,182)	(2,185)	-	(378,619)
Depreciation charge	-	(220,368)	(122,518)	(60)	-	(342,946)
Transfer	-	2,660	36,443	-	(39,103)	-
Closing net book amount	1,014,097	3,314,160	551,898	200	256,150	5,136,505
<b>As at 31 December 2017</b>						
Cost	1,014,097	3,990,699	1,278,358	388	256,150	6,539,692
<u>Less</u> Accumulated depreciation	-	(676,539)	(726,460)	(188)	-	(1,403,187)
Net book amount	1,014,097	3,314,160	551,898	200	256,150	5,136,505

17 Intangible assets, net

	(Unit : Baht'000)			
	Consolidated			
	Computer software	Patent	Work in process	Total
<b>As at 1 January 2016</b>				
Cost	1,409,652	2,819	2,415	1,414,886
<u>Less</u> Accumulated amortisation	(908,350)	(515)	-	(908,865)
Net book amount	501,302	2,304	2,415	506,021
<b>For the year ended 31 December 2016</b>				
Opening net book amount	501,302	2,304	2,415	506,021
Additions	14,748	48	56,472	71,268
Amortisation charge	(110,228)	(388)	-	(110,616)
Transfer	43,186	-	(43,186)	-
Closing net book amount	449,008	1,964	15,701	466,673
<b>As at 31 December 2016</b>				
Cost	1,467,625	2,867	15,701	1,486,193
<u>Less</u> Accumulated amortisation	(1,018,617)	(903)	-	(1,019,520)
Net book amount	449,008	1,964	15,701	466,673
<b>For the year ended 31 December 2017</b>				
Opening net book amount	449,008	1,964	15,701	466,673
Additions	28,374	-	52,052	80,426
Disposals	(6)	-	-	(6)
Amortisation charge	(119,850)	(385)	-	(120,235)
Transfer	33,746	-	(33,746)	-
Closing net book amount	391,272	1,579	34,007	426,858
<b>As at 31 December 2017</b>				
Cost	1,519,025	2,867	34,007	1,555,899
<u>Less</u> Accumulated amortisation	(1,127,753)	(1,288)	-	(1,129,041)
Net book amount	391,272	1,579	34,007	426,858

17 Intangible assets, net (Cont'd)

	(Unit : Baht'000)			
	SET			
	Computer software	Patent	Work in process	Total
<b>As at 1 January 2016</b>				
Cost	1,328,144	1,958	2,415	1,332,517
<u>Less</u> Accumulated amortisation	(827,808)	(263)	-	(828,071)
Net book amount	500,336	1,695	2,415	504,446
<b>For the year ended 31 December 2016</b>				
Opening net book amount	500,336	1,695	2,415	504,446
Additions	14,748	48	56,472	71,268
Amortisation charge	(110,008)	(265)	-	(110,273)
Transfer	43,186	-	(43,186)	-
Closing net book amount	448,262	1,478	15,701	465,441
<b>As at 31 December 2016</b>				
Cost	1,386,117	2,006	15,701	1,403,824
<u>Less</u> Accumulated amortisation	(937,855)	(528)	-	(938,383)
Net book amount	448,262	1,478	15,701	465,441
<b>For the year ended 31 December 2017</b>				
Opening net book amount	448,262	1,478	15,701	465,441
Additions	28,374	-	52,052	80,426
Disposals	(6)	-	-	(6)
Amortisation charge	(119,659)	(262)	-	(119,921)
Transfer	33,746	-	(33,746)	-
Closing net book amount	390,717	1,216	34,007	425,940
<b>As at 31 December 2017</b>				
Cost	1,440,305	2,006	34,007	1,476,318
<u>Less</u> Accumulated amortisation	(1,049,588)	(790)	-	(1,050,378)
Net book amount	390,717	1,216	34,007	425,940

## **18 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 2017 and 2016, the details of investments for which margin deposits were placed by members amounting to Baht 13,397.89 million and Baht 10,159.97 million, respectively are as follows:

	<b>(Unit : Baht'000)</b>	
	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
Savings and fixed deposit accounts	12,853,973	9,598,086
Savings account in foreign currency	488,319	519,744
Accrued benefits	55,593	42,138
	<b>13,397,885</b>	<b>10,159,968</b>

As at 31 December 2017, savings account in foreign currency of USD 15.02 million (2016: USD 14.57 million) was translated into Thai Baht using the average transfer buying rate announced by the Bank of Thailand at the end of the accounting period.

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

## **19 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 of 2 categories as the following:

### **19.1 Securities Deposit**

Members of TCH are required to place a Securities Deposit according to the announcement made by TCH (the current Securities Deposit for members, who are allowed to clear all types of derivatives, is not less than Baht 5 million and for only one type of derivatives is not less than Baht 4 million). 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.

### **19.2 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 members, who are allowed to clear all types of derivatives, are not less than Baht 5 million and for only one type of derivatives is not less than Baht 1 million).
  - 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.

**19 Assets for clearing system protection and benefits (Cont'd)**

**19.2 Clearing fund contributions comprising contributions from: (Cont'd)**

As at 31 December 2017 and 2016, assets for clearing system protection and benefits consist of:

(Unit : Baht'000)					
	Securities Deposit and benefits		Consolidated Clearing fund and benefits		Total
	2017	2016	2017	2016	2017 2016
Investments managed by TCH	753,295	656,832	-	-	753,295 656,832
Investments managed by private fund					
Savings accounts	698	1,023	846	511	1,544 1,534
Trading Securities	200,595	221,543	926,700	830,540	1,127,295 1,052,083
	954,588	879,398	927,546	831,051	1,882,134 1,710,449
Accrued interest receivable	639	794	2,259	2,603	2,898 3,397
Other assets	74	61	17,291	7,453	17,365 7,514
	955,301	880,253	947,096	841,107	1,902,397 1,721,360
(Unit : Baht'000)					
SET					
	2017	2016			
Clearing fund and benefits					
Contributions	100,000	100,000			
Benefits	42,510	40,043			
	142,510	140,043			

**Investments managed by TCH**

For the year ended 31 December 2017, savings accounts carried interest at rates ranging from 0.375% - 1.00% per annum (2016: from 0.25% - 1.00% per annum).

**Investments managed by private fund**

Investments in private fund are managed by 1 asset management company (2016: 1 company).

The investments policy of private fund is reference to the TCH's regulations in relation to deposits with financial institution and company's investment policies. For the year ended 31 December 2017, the investment in private fund have return rates ranging from 2.02% - 2.04% per annum (2016: from 1.54% - 1.60% per annum).

**19 Assets for clearing system protection and benefits (Cont'd)**

As at 31 December 2017 and 2016, assets for clearing system protection and benefits payable consist of:

	<b>(Unit : Baht'000)</b>	
	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
<b>Securities Deposit and benefits</b>		
Contributions	951,220	877,000
Benefits (semi-annually distribute to members)	4,081	3,283
	<u>955,301</u>	<u>880,283</u>
<b>Clearing fund and benefits</b>		
Contributions	699,554	608,834
Benefits	105,032	92,200
	<u>804,586</u>	<u>701,034</u>
	<u>1,759,887</u>	<u>1,581,317</u>

**20 Reserve Fund for clearing and settlement**

Reserve Fund for clearing and settlement from SET established as a source of funds for clearing house to compensate for any damage that may result from default or damages that may be caused by the actions of members in the business relating to the settlement and delivery of securities of the clearing house.

On 14 January 2015 and 27 April 2016, the Board of Directors approved an appropriation of reserve fund for clearing and settlement in the approximately Baht 5,690 million during 2016-2020 for compliance with the standard of clearing house set by the Overseas Securities Regulator and for enhance competitiveness and support future business expansion. As at 31 December 2017, the reserve fund for clearing and settlement was Baht 5,124.32 million.

As at 31 December 2017 and 2016, reserve fund for clearing and settlement consist of:

	<b>(Unit : Baht'000)</b>	
	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
<b>Investments managed by private fund</b>		
Savings accounts	1,165	-
Trading Securities	5,110,622	-
	<u>5,111,787</u>	<u>-</u>
Accrued interest income	11,710	-
Other assets	823	-
	<u>5,124,320</u>	<u>-</u>

Investments in private fund are managed by 2 asset management companies.

The investment policy of private fund is reference to the TCH's regulations in relation to deposits with financial institution and company's investment policies. For the year ended 31 December 2017, the investments in private fund have return rates ranging from 1.53% - 1.68% per annum.

## 21 Deferred income taxes

Statement of financial position shows the balance as follows:

	(Unit : Baht'000)			
	Consolidated		SET	
	2017	2016	2017	2016
As at 31 December				
Deferred tax assets	2,356	2,322	-	-
Deferred tax liabilities	(85,135)	(44,684)	(83,807)	(44,684)
Deferred tax, net	(82,779)	(42,362)	(83,807)	(44,684)

The gross movement of the deferred income tax account is as follows:

### Deferred tax asset:

	(Unit : Baht'000)			
	Consolidated		SET	
	2017	2016	2017	2016
Opening balance	55,527	2,026	53,481	-
Tax charged/(credited) to revenues over expenses	4,817	53,501	4,507	53,481
Tax charged/(credited) relation to components of other comprehensive revenues and expenses	29,445	-	29,445	-
Closing balance	89,789	55,527	87,433	53,481

### Deferred tax liabilities:

	(Unit : Baht'000)			
	Consolidated		SET	
	2017	2016	2017	2016
Opening balance	97,889	1,191	98,165	-
Tax charged/(credited) to revenues over expenses	7,143	(684)	5,539	783
Tax charged/(credited) relation to components of other comprehensive revenues and expenses	67,536	97,382	67,536	97,382
Closing balance	172,568	97,889	171,240	98,165
<b>Deferred tax asset (liabilities), net</b>	<b>(82,779)</b>	<b>(42,362)</b>	<b>(83,807)</b>	<b>(44,684)</b>

The movement in deferred tax assets and deferred tax liabilities during the year is as follows:

	(Unit : Baht'000)			
	Consolidated			Total
	Allowance for doubtful accounts	Provision for annual leave	Provision for employee benefits	
<b>Deferred tax assets</b>				
At 1 January 2016	2,026	-	-	2,026
Tax charged/ (credited) to revenues over expenses	1,005	4,844	47,652	53,501
At 31 December 2016	3,031	4,844	47,652	55,527
Tax charged/ (credited) to revenues over expenses	(5)	383	4,439	4,817
Tax charged/ (credited) to components of other comprehensive revenues and expenses	-	-	29,445	29,445
At 31 December 2017	3,026	5,227	81,536	89,789

**21 Deferred income taxes (Cont'd)**

The movement in deferred tax assets and deferred tax liabilities during the year is as follows: (Cont'd)

	<b>SET</b>			<b>(Unit : Baht'000)</b>
	<b>Allowance for doubtful accounts</b>	<b>Provision for annual leave</b>	<b>Provision for employee benefits</b>	<b>Total</b>
<b>Deferred tax assets</b>				
At 1 January 2016	-	-	-	-
Tax charged/ (credited) to revenues over expenses	1,005	4,824	47,652	53,481
At 31 December 2016	1,005	4,824	47,652	53,481
Tax charged/ (credited) to revenues over expenses	-	359	4,148	4,507
Tax charged/ (credited) to components of other comprehensive revenues and expenses	-	-	29,445	29,445
At 31 December 2017	1,005	5,183	81,245	87,433

	<b>Consolidated</b>		<b>(Unit : Baht'000)</b>
	<b>Unrealised gain on revaluation of available-for-sale securities</b>	<b>Unrealised gain on revaluation of trading securities</b>	<b>Total</b>
<b>Deferred tax liabilities</b>			
At 1 January 2016	-	1,191	1,191
Tax charged/ (credited) to revenues over expenses	-	(684)	(684)
Tax charged/ (credited) to components of other comprehensive revenues over expenses	97,382	-	97,382
At 31 December 2016	97,382	507	97,889
Tax charged/ (credited) to revenues over expenses	-	7,143	7,143
Tax charged/ (credited) to components of other comprehensive revenues over expenses	67,536	-	67,536
At 31 December 2017	164,918	7,650	172,568

	<b>SET</b>		<b>(Unit : Baht'000)</b>
	<b>Unrealised gain on revaluation of available-for-sale securities</b>	<b>Unrealised gain on revaluation of trading securities</b>	<b>Total</b>
<b>Deferred tax liabilities</b>			
At 1 January 2016	-	-	-
Tax charged/ (credited) to revenues over expenses	-	783	783
Tax charged/ (credited) to components of other comprehensive revenues over expenses	97,382	-	97,382
At 31 December 2016	97,382	783	98,165
Tax charged/ (credited) to revenues over expenses	-	5,539	5,539
Tax charged/ (credited) to components of other comprehensive revenues over expenses	67,536	-	67,536
At 31 December 2017	164,918	6,322	171,240



**22 Accounts payable and accrued expenses**

		(Unit : Baht'000)			
		Consolidated		SET	
Note		2017	2016	2017	2016
<b>Accounts payable</b>					
Subsidiaries	8	-	-	755	139
Joint venture entity	8	32	81	32	81
Other parties		103,739	87,268	103,239	83,296
		<u>103,771</u>	<u>87,349</u>	<u>104,026</u>	<u>83,516</u>
<b>Accrued expenses</b>					
Subsidiaries	8	-	-	17,669	5,914
Joint venture entity	8	16,450	9,340	16,450	8,740
Other parties		907,392	934,814	875,983	917,335
		<u>923,842</u>	<u>944,154</u>	<u>910,102</u>	<u>931,989</u>
		<u>1,027,613</u>	<u>1,031,503</u>	<u>1,014,128</u>	<u>1,015,505</u>

**23 Other current liabilities**

		(Unit : Baht'000)			
		Consolidated		SET	
		2017	2016	2017	2016
Dividend payable from registrar services to shareholders		78,151	72,942	-	-
Financial benefits payable		67,683	65,775	-	-
Other retention payables		32,931	35,728	32,928	35,724
Provision for employee benefits from accumulated annual leave		26,139	24,223	25,917	24,121
Withholding tax payable		25,703	33,305	9,638	10,938
Other payable from purchase of investments		20,088	-	20,088	-
Value added tax payable		14,256	18,924	5,967	18,921
Ngoen-Thong-khong-Mee-Kha Fund		11,576	11,570	11,576	11,570
Current portion of provision for employee benefits (Note 24)		6,360	-	4,908	-
Thai Stock Market Flood Relief Fund		-	36,775	-	36,775
Others		18,238	18,079	13,578	12,781
		<u>301,125</u>	<u>317,321</u>	<u>124,600</u>	<u>150,830</u>

**24 Provision for employee benefits**

		(Unit : Baht'000)			
		Consolidated		SET	
		2017	2016	2017	2016
<b>Statement of financial position</b>					
<b>Provision to be settled within 1 year</b>					
Retirement benefits (Note 23)		6,360	-	4,908	-
		<u>6,360</u>	<u>-</u>	<u>4,908</u>	<u>-</u>
<b>Provision to be settled after more than 1 year</b>					
Retirement benefits		372,705	207,353	372,705	207,353
Other benefits		28,613	30,910	28,613	30,910
		<u>401,318</u>	<u>238,263</u>	<u>401,318</u>	<u>238,263</u>
		<u>407,678</u>	<u>238,263</u>	<u>406,226</u>	<u>238,263</u>

24 Provision for employee benefits (Cont'd)

	(Unit : Baht'000)			
	Consolidated		SET	
	2017	2016	2017	2016
<b>Expenses charge included in the statement of revenues and expenses</b>				
Retirement benefits	24,965	23,598	23,033	23,598
Other benefits	257	2,978	257	2,978
	<u>25,222</u>	<u>26,576</u>	<u>23,290</u>	<u>26,576</u>

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

	(Unit : Baht'000)			
	Consolidated		SET	
	2017	2016	2017	2016
<b>Present value of obligations</b>				
Retirement benefits	379,065	207,353	377,613	207,353
Other benefits	28,613	30,910	28,613	30,910
<b>Liabilities in the statement of financial position</b>	<u>407,678</u>	<u>238,263</u>	<u>406,226</u>	<u>238,263</u>

The movement in the defined benefit obligation over the year is as follows:

	(Unit : Baht'000)			
	Consolidated		SET	
	2017	2016	2017	2016
At 1 January	238,263	222,459	238,263	222,459
Current service costs	19,659	18,727	17,734	18,727
Interest costs	8,498	7,849	8,491	7,849
Loss from remeasurements of other benefits	(2,935)	-	(2,935)	-
<b>Remeasurements:</b>				
(Gain)/loss from change in demographic assumptions	9,559	-	9,559	-
(Gain)/loss from change in financial assumptions	93,582	-	93,582	-
Experience (gain)/loss	44,086	-	44,086	-
	<u>410,712</u>	<u>249,035</u>	<u>408,780</u>	<u>249,035</u>
<b>Less Benefits paid</b>	<u>(3,034)</u>	<u>(10,772)</u>	<u>(2,554)</u>	<u>(10,772)</u>
At 31 December	407,678	238,263	406,226	238,263
<b>Less Current portion (Note 23)</b>	<u>(6,360)</u>	<u>-</u>	<u>(4,908)</u>	<u>-</u>
<b>Total non-current portion</b>	<u>401,318</u>	<u>238,263</u>	<u>401,318</u>	<u>238,263</u>

For the years ended 31 December 2017 and 2016 the amounts recognised in the statement of comprehensive revenues and expense are as follows:

	(Unit : Baht'000)			
	Consolidated		SET	
	2017	2016	2017	2016
Current service costs	19,659	18,727	17,734	18,727
Interest costs	8,498	7,849	8,491	7,849
Loss from remeasurements of other benefits	(2,935)	-	(2,935)	-
	<u>25,222</u>	<u>26,576</u>	<u>23,290</u>	<u>26,576</u>

**24 Provision for employee benefits (Cont'd)**

For the years ended 31 December 2017 and 2016, the principal actuarial assumptions used were as follows:

	<b>2017</b>	<b>2016</b>
Discount rate as of 31 December	2.75%	3.60%
Salary increase rate - permanent employees	6.5%	5.00% - 10.00%
Salary increase rate - contract employees	6.5%	4.50%
Average turnover rate	0.00 % - 13.00%	0.00% - 13.00%
Pre-retirement mortality rate	75% of TMO2017	TMO2008
Retirement age	60 years old	60 years old

	<b>Change in assumption</b>		<b>Impact on defined benefit obligation</b>			
			<b>Increase in assumption</b>		<b>Decrease in assumption</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Discount rate	1 %	1 %	Decrease by 12%	Decrease by 11%	Increase by 13%	Increase by 13%
Salary growth rate	1 %	1 %	Increase by 14%	Increase by 15%	Decrease by 12%	Decrease by 13%
Turnover growth rate	20 %	20 %	Decrease by 5%	Decrease by 8%	Increase by 6%	Increase by 9%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The weighted average duration of the defined benefit obligation is 20 years (2016: 22 years).

Expected maturity analysis of undiscounted retirement and other benefits:

	<b>(Unit : Baht'000)</b>			
	<b>Consolidated</b>			
	<b>Within a year</b>	<b>1-5 years</b>	<b>Over 5 years</b>	<b>Total</b>
At 31 December 2017				
Retirement benefits	5,970	34,249	508,512	548,731
Other benefits	2,484	11,288	20,038	33,810
<b>Total</b>	<b>8,454</b>	<b>45,537</b>	<b>528,550</b>	<b>582,541</b>

	<b>(Unit : Baht'000)</b>			
	<b>SET</b>			
	<b>Within a year</b>	<b>1-5 years</b>	<b>Over 5 years</b>	<b>Total</b>
At 31 December 2017				
Retirement benefits	5,970	34,167	506,414	546,551
Other benefits	2,484	11,288	20,038	33,810
<b>Total</b>	<b>8,454</b>	<b>45,455</b>	<b>526,452</b>	<b>580,361</b>

	<b>(Unit : Baht'000)</b>			
	<b>Consolidated and SET</b>			
	<b>Within a year</b>	<b>1-5 years</b>	<b>Over 5 years</b>	<b>Total</b>
At 31 December 2016				
Retirement benefits	44	35,618	674,075	709,737
Other benefits	2,382	14,214	50,322	66,918
<b>Total</b>	<b>2,426</b>	<b>49,832</b>	<b>724,397</b>	<b>776,655</b>

25 Fund balances

The statement of change in the fund for the years ended 31 December 2017 and 2016 presented as part of the consolidated and entity's financial statements as follows:

(Unit : Baht'000)

		Consolidated Fund balances						
Note		Securities Clearing Reserve Fund	Derivatives Clearing Reserve Fund	Indemnity Fund	Staff Welfare Fund	Securities Investor Protection Fund	Derivatives Investor Protection Fund	General Fund
								Total
	<b>Opening balance at 1 January 2016</b>	2,500,000	300,000	100,000	107,792	439,269	53,276	19,750,352
	Appropriation of general fund	2,040,000	-	-	-	-	-	(2,040,000)
	Other comprehensive revenues and expenses, net of tax	-	-	-	-	-	-	(61)
26	Revenues over expenses	-	-	-	1,748	11,124	764	1,745,634
	<b>Closing balance at 31 December 2016</b>	<u>4,540,000</u>	<u>300,000</u>	<u>100,000</u>	<u>109,540</u>	<u>450,393</u>	<u>54,040</u>	<u>19,455,925</u>
	<b>Opening balance at 1 January 2017</b>	4,540,000	300,000	100,000	109,540	450,393	54,040	19,455,925
	Appropriation of general fund	200,000	-	-	-	-	-	(200,000)
	Other comprehensive revenues and expenses, net of tax	-	-	-	-	-	-	(118,479)
26	Revenues over expenses	-	-	-	1,130	9,215	622	1,821,622
	<b>Closing balance at 31 December 2017</b>	<u>4,740,000</u>	<u>300,000</u>	<u>100,000</u>	<u>110,670</u>	<u>459,608</u>	<u>54,662</u>	<u>20,959,068</u>

25 Fund balances (Cont'd)

The statement of change in the fund for the years ended 31 December 2017 and 2016 presented as part of the consolidated and entity's financial statements as follows: (Cont'd)

(Unit : Baht'000)

		SET					
		Fund balances					
Note		Securities Clearing Reserve Fund	Derivatives Clearing Reserve Fund	Indemnity Fund	Staff Welfare Fund	Securities Investor Protection Fund	General Fund
							Total
	<b>Opening balance at 1 January 2016</b>	2,500,000	300,000	100,000	107,792	439,269	18,706,211
	Appropriation of general fund	2,040,000	-	-	-	-	(2,040,000)
26	Revenues over expenses	-	-	-	1,748	11,124	1,536,252
	<b>Closing balance at 31 December 2016</b>	<u>4,540,000</u>	<u>300,000</u>	<u>100,000</u>	<u>109,540</u>	<u>450,393</u>	<u>23,702,396</u>
	<b>Opening balance at 1 January 2017</b>	4,540,000	300,000	100,000	109,540	450,393	18,202,463
	Appropriation of general fund	200,000	-	-	-	-	(200,000)
	Other comprehensive revenues and expenses, net of tax	-	-	-	-	-	(117,782)
26	Revenues over expenses	-	-	-	1,130	9,215	1,413,192
	<b>Closing balance at 31 December 2017</b>	<u>4,740,000</u>	<u>300,000</u>	<u>100,000</u>	<u>110,670</u>	<u>459,608</u>	<u>25,008,151</u>

**25 Fund balances (Cont'd)**

Details of fund balances are as follows:

**Securities Clearing Reserve Fund**

In 1997, 2013, 2016 and 2017 the Board of Governors of the SET approved an appropriation of general funds of Baht 2,000 million, Baht 500 million, Baht 2,040 million and Baht 200 million, respectively, totalling Baht 4,740 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 SET.

**Derivatives Clearing Reserve Fund**

In 2004, the Board of Governors of the SET approved an appropriation of general funds of Baht 300 million to the Derivatives Clearing Reserve Fund in order to assure contingent losses from the clearing 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.

**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 2017, there were 34 SIPF members from securities companies (2016: 34 SIPF members).

The assets of SIPF consist of:

- 1) the initial fund from the SET of Baht 300 million;
- 2) the cumulative membership entrance fees and monthly fees collected from the members; and
- 3) the future benefits generated from investments in the SIPF.

**25 Fund balances (Cont'd)**

Details of fund balances are as follows: (Cont'd)

**Securities Investor Protection Fund (Cont'd)**

SIPF 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:

	<b>(Unit : Baht'000)</b>	
	<b>Consolidated and SET</b>	
	<b>2017</b>	<b>2016</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash deposits and short-term investments	390,411	444,204
Accrued interest receivable	4,257	5,791
Other current asset	412	203
<b>Total current assets</b>	<b>395,080</b>	<b>450,198</b>
<b>Non-current assets</b>		
Long-term investments	394,630	301,334
<b>Total non-current assets</b>	<b>394,630</b>	<b>301,334</b>
<b>Total assets</b>	<b>789,710</b>	<b>751,532</b>
<b>Liabilities and fund balances</b>		
<b>Liabilities of members portion</b>		
Contributions from members	218,926	213,494
Benefits on contributions from members	94,449	80,380
<b>Total of members portion</b>	<b>313,375</b>	<b>293,874</b>
Deferred tax liabilities	5,504	2,392
<b>Total liabilities</b>	<b>318,879</b>	<b>296,266</b>
<b>Fund balances</b>		
Initial fund	300,000	300,000
Benefits on contributions from SET	170,831	155,266
<b>Total fund balances</b>	<b>470,831</b>	<b>455,266</b>
<b>Total liabilities and fund balances</b>	<b>789,710</b>	<b>751,532</b>

**25 Fund balances (Cont'd)**

Details of fund balances are as follows: (Cont'd)

**Securities Investor Protection Fund (Cont'd)**

The SIPF's statement of comprehensive revenues and expenses for the years ended 31 December 2017 and 2016 are presented in Note 26 to the financial statements "Results of fund operations".

**Derivatives Investor Protection Fund**

In 2012 the board of directors of Thailand Futures Exchange Public Company Limited (TFEX), a subsidiary, has a resolution to establish the Derivatives Investor Protection Fund (DIPF) and approved an appropriation of Baht 50 million as an initial fund.

The DIPF was established on 15 November 2012. The objective of the DIPF is to provide protection for derivatives contracts investors in accordance with the rules prescribed by TFEX. Investors need to be protected must become customers of DIPF members and is a Thai natural person, a juristic person incorporated in Thailand who is not an institutional investor under the Derivatives Act B.E. 2546 (2003). As at 31 December 2017, there were 37 DIPF members from security companies (2016: 41 DIPF members).

Assets of the DIPF consist of the Company's initial capital, admission fees and contributions collected from members of the DIPF, and yields or benefits obtained from the proceeds and assets of the DIPF after the deduction of expenses for the operation of the DIPF. At the time of its establishment, the DIPF will have assets worth no less than Baht 100 million, which consists of initial capital of Baht 50 million from the Company and admission fees and contributions from DIPF members in the rest to make the total of Baht 100 million. The Company may collect additional sums of money as it deems necessary and appropriate.

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

- 1) if any DIPF 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 DIPF member, and the arbitrator's award is that the DIPF member shall return the assets to investors, but the DIPF member violates the award.

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



**25 Fund balances (Cont'd)**

Details of fund balances are as follows: (Cont'd)

**Derivatives Investor Protection Fund (Cont'd)**

The DIPF's financial statement included as part of the consolidated 's financial statements are as follows:

	<b>(Unit : Baht'000)</b>	
	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash deposits and short-term investments	74,039	73,653
Contributions from members	599	460
Accrued interest receivable	629	555
<b>Total current assets</b>	<b>75,267</b>	<b>74,668</b>
<b>Non-current assets</b>		
Long-term investments	16,219	8,207
<b>Total current assets</b>	<b>16,219</b>	<b>8,207</b>
<b>Total assets</b>	<b>91,486</b>	<b>82,875</b>
<b>Liabilities and fund balances</b>		
<b>Current liabilities</b>		
Income tax payable	234	257
<b>Total current liabilities</b>	<b>234</b>	<b>257</b>
<b>Non-current liabilities</b>		
Contributions from members	35,243	27,600
Benefits on contributions from members	1,347	978
<b>Total non-current liabilities</b>	<b>36,590</b>	<b>28,578</b>
<b>Total liabilities</b>	<b>36,824</b>	<b>28,835</b>
<b>Fund balances</b>		
Initial fund	50,000	50,000
Benefits on contributions from TFEX	4,662	4,040
<b>Total fund balances</b>	<b>54,662</b>	<b>54,040</b>
<b>Total liabilities and fund balances</b>	<b>91,486</b>	<b>82,875</b>

The DIPF's statement of comprehensive revenues and expenses for the years ended 31 December 2017 and 2016 are presented in Note 26 to the financial statements "Results of fund operations".

## 26 Results of fund operations

Details of the results of fund operations which are included as part of the consolidated and the entity's statement of comprehensive revenues and expenses are as follows:

	(Unit : Baht'000)				
	Consolidated				
	Staff Welfare Fund	Securities Investor Protection Fund (SET's portion)	Derivatives Investor Protection Fund (TFEX's portion)	General Fund	Total
For the year ended 31 December 2017					
Revenues					
Operating revenues	-	-	-	5,006,640	5,006,640
Investment income, net	1,130	11,657	888	1,043,889	1,057,564
Other income	-	-	-	313,753	313,753
Total revenues	1,130	11,657	888	6,364,282	6,377,957
Expenses					
Operating expenses	-	138	111	3,817,856	3,818,105
Contributions to the Stock Exchange of Thailand Foundation	-	-	-	221,075	221,075
Income tax expense	-	2,304	155	503,729	506,188
Total expenses	-	2,442	266	4,542,660	4,545,368
Revenues over expenses	1,130	9,215	622	1,821,622	1,832,589
Other comprehensive revenues and expense					
Items that will be reclassified subsequently to revenues and expenses					
Share of profit of investments in associates	-	-	-	53	53
Change in value of available-for-sale investments managed by SET	-	-	-	322,123	322,123
Change in value of available-for-sale investments from Securities Investor Protection Fund	-	9,462	-	-	9,462
Income tax relating to items that will be reclassified subsequently to revenues and expenses	-	(3,112)	-	(65,452)	(68,564)
Total items that will be reclassified subsequently to revenues and expenses	-	6,350	-	256,724	263,074
Items that will not be reclassified subsequently to revenues and expenses					
Remeasurements of post-employment benefits obligations	-	-	-	(147,924)	(147,924)
Income tax relating to items that will not be reclassified subsequently to revenues and expenses	-	-	-	29,445	29,445
Total items that will not be reclassified to revenues and expenses	-	-	-	(118,479)	(118,479)
Total comprehensive revenues and expenses	1,130	15,565	622	1,959,867	1,977,184

**26 Results of fund operations (Cont'd)**

Details of the results of fund operations which are included as part of the consolidated and the entity's statement of comprehensive revenues and expenses are as follows: (Cont'd)

	(Unit : Baht'000)				
	Consolidated				
	Staff Welfare Fund	Securities Investor Protection Fund (SET's portion)	Derivatives Investor Protection Fund (TFEX's portion)	General Fund	Total
<b>For the year ended 31 December 2016</b>					
<b>Revenues</b>					
Operating revenues	-	-	-	5,099,000	5,099,000
Investment income, net	1,748	12,059	1,042	765,113	779,962
Other income	-	-	-	206,984	206,984
<b>Total revenues</b>	<b>1,748</b>	<b>12,059</b>	<b>1,042</b>	<b>6,071,097</b>	<b>6,085,946</b>
<b>Expenses</b>					
Operating expenses	-	87	88	3,693,659	3,693,834
Contributions to the Stock Exchange of Thailand Foundation	-	-	-	401,190	401,190
Income tax expense	-	848	190	230,614	231,652
<b>Total expenses</b>	<b>-</b>	<b>935</b>	<b>278</b>	<b>4,325,463</b>	<b>4,326,676</b>
<b>Revenues over expenses</b>	<b>1,748</b>	<b>11,124</b>	<b>764</b>	<b>1,745,634</b>	<b>1,759,270</b>
<b>Other comprehensive revenues and expense</b>					
Items that will be reclassified subsequently to revenues and expenses					
Share of profit of investments in associates	-	-	-	(11)	(11)
Change in value of available-for-sale Investments managed by SET	-	-	-	341,690	341,690
Change in value of available-for-sale investments from Securities Investor Protection Fund	-	4,599	-	-	4,599
Income tax relating to items that will be reclassified subsequently to revenue and expense	-	(2,392)	-	(94,988)	(97,380)
<b>Total items that will be reclassified subsequently to revenues and expenses</b>	<b>-</b>	<b>2,207</b>	<b>-</b>	<b>246,691</b>	<b>248,898</b>
Items that will not be reclassified subsequently to revenues and expenses					
Remeasurements of post-employment benefits obligations	-	-	-	(61)	(61)
<b>Total items that will not be reclassified to revenues and expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(61)</b>	<b>(61)</b>
<b>Total comprehensive revenues and expenses</b>	<b>1,748</b>	<b>13,331</b>	<b>764</b>	<b>1,992,264</b>	<b>2,008,107</b>

**26 Results of fund operations (Cont'd)**

Details of the results of fund operations which are included as part of the consolidated and the entity's statement of comprehensive revenues and expenses are as follows: (Cont'd)

	(Unit : Baht'000)				
	SET				
	Staff Welfare Fund	Securities Investor Protection Fund (SET's portion)	Derivatives Investor Protection Fund (TFEX's portion)	General Fund	Total
<b>For the year ended 31 December 2017</b>					
<b>Revenues</b>					
Operating revenues	-	-	-	2,281,975	2,281,975
Investment income, net	1,130	11,657	-	1,307,505	1,320,292
Other income	-	-	-	1,864,394	1,864,394
<b>Total revenues</b>	<b>1,130</b>	<b>11,657</b>	<b>-</b>	<b>5,453,874</b>	<b>5,466,661</b>
<b>Expenses</b>					
Operating expenses	-	138	-	3,484,583	3,484,721
Contributions to the Stock Exchange of Thailand Foundation	-	-	-	221,075	221,075
Income tax expense	-	2,304	-	335,024	337,328
<b>Total expenses</b>	<b>-</b>	<b>2,442</b>	<b>-</b>	<b>4,040,682</b>	<b>4,043,124</b>
<b>Revenues over expenses</b>	<b>1,130</b>	<b>9,215</b>	<b>-</b>	<b>1,413,192</b>	<b>1,423,537</b>
<b>Other comprehensive revenues and expenses</b>					
Items that will be reclassified subsequently to revenues and expenses					
Change in value of available-for-sale investments managed by SET	-	-	-	322,123	322,123
Change in value of available-for-sale investments from Securities Investor Protection Fund	-	9,462	-	-	9,462
Income tax relating to items that will be reclassified subsequently to revenue and expense	-	(3,112)	-	(64,424)	(67,536)
<b>Total items that will be reclassified subsequently to revenues and expenses</b>	<b>-</b>	<b>6,350</b>	<b>-</b>	<b>257,699</b>	<b>264,049</b>
Items that will not be reclassified subsequently to revenues and expenses					
Remeasurements of post-employment benefits obligations	-	-	-	(147,227)	(147,227)
Income tax relating to items that will not be reclassified subsequently to revenues and expenses	-	-	-	29,445	29,445
<b>Total items that will not be reclassified subsequently to revenues and expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(117,782)</b>	<b>(117,782)</b>
<b>Total comprehensive revenues and expenses</b>	<b>1,130</b>	<b>15,565</b>	<b>-</b>	<b>1,553,109</b>	<b>1,569,804</b>

**26 Results of fund operations (Cont'd)**

Details of the results of fund operations which are included as part of the consolidated and the entity's statement of comprehensive revenues and expenses are as follows: (Cont'd)

	(Unit : Baht'000)			
	SET		General Fund	Total
	Staff Welfare Fund	Securities Investor Protection Fund (SET's portion)	Derivatives Investor Protection Fund (TFEX's portion)	
<b>For the year ended 31 December 2016</b>				
<b>Revenues</b>				
Operating revenues	-	-	2,300,790	2,300,790
Investment income, net	1,748	12,059	1,142,681	1,156,488
Other income	-	-	1,960,975	1,960,975
<b>Total revenues</b>	<b>1,748</b>	<b>12,059</b>	<b>5,404,446</b>	<b>5,418,253</b>
<b>Expenses</b>				
Operating expenses	-	87	3,385,849	3,385,936
Contributions to the Stock Exchange of Thailand Foundation	-	-	401,190	401,190
Income tax expense	-	848	81,155	82,003
<b>Total expenses</b>	<b>-</b>	<b>935</b>	<b>3,868,194</b>	<b>3,869,129</b>
<b>Revenues over expenses</b>	<b>1,748</b>	<b>11,124</b>	<b>1,536,252</b>	<b>1,549,124</b>
<b>Other comprehensive revenues and expenses</b>				
Items that will be reclassified subsequently to revenues and expenses	-	-	-	-
Change in value of available-for-sale investments managed by SET	-	-	341,690	341,690
Change in value of available-for-sale investments from Securities Investor Protection Fund	-	4,599	-	4,599
Income tax relating to items that will be reclassified subsequently to revenues and expenses	-	(2,392)	(94,990)	(97,382)
<b>Total items that will be reclassified subsequently to revenues and expenses</b>	<b>-</b>	<b>2,207</b>	<b>246,700</b>	<b>248,907</b>
Items that will not be reclassified subsequently to revenues and expenses	-	-	-	-
Remeasurements of post-employment benefits obligations	-	-	-	-
<b>Total items that will not be reclassified subsequently to revenues and expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive revenues and expenses</b>	<b>1,748</b>	<b>13,331</b>	<b>1,782,952</b>	<b>1,798,031</b>

**27 Operating revenues**

	(Unit : Baht'000)			
	Consolidated		SET	
	2017	2016	2017	2016
Trading fees	1,554,446	1,649,855	1,222,775	1,281,627
Stock registrar fees	1,064,660	1,018,481	-	-
Listing fees	576,285	539,130	576,285	539,130
Clearing fees	480,707	497,657	-	-
Member services fees	426,339	508,537	-	-
Information service fees	342,501	340,012	297,635	290,530
Depository fees	321,834	290,297	-	-
Customisation and IT support fees	149,942	122,461	149,510	122,314
Membership fees	87,676	132,570	35,770	67,189
Fund services fees	2,250	-	-	-
	<b>5,006,640</b>	<b>5,099,000</b>	<b>2,281,975</b>	<b>2,300,790</b>

**28 Investment income, net**

	Notes	(Unit : Baht'000)			
		Consolidated		SET	
		2017	2016	2017	2016
Interest income		360,879	355,300	230,486	198,858
<u>Less</u> Interest expense					
Short-term borrowings from subsidiaries	8	-	-	(40,957)	(32,010)
Assets for clearing system protection - members' portion		(161,289)	(147,635)	-	-
Interest income, net		199,590	207,665	189,529	166,848
Dividend income from					
Mutual funds		207,821	376,095	207,821	376,095
Subsidiaries	13	-	-	278,294	377,317
Joint venture entity	14	-	-	4,555	8,497
Associates	14	-	-	9,446	31,487
Private fund		18	61	10	35
Other entities		7,805	29,231	7,805	29,231
Realised gain from investments		595,693	191,705	585,103	191,436
Unrealised gain (loss) from trading investments		12,912	(37,896)	4,892	(36,517)
Gain on exchange rate from foreign investments		10,262	-	10,262	-
Others		10,918	-	10,918	-
		<u>1,045,019</u>	<u>766,861</u>	<u>1,308,635</u>	<u>1,144,429</u>

**29 Other income**

		(Unit : Baht'000)			
		Consolidated		SET	
		2017	2016	2017	2016
Educational activities income		75,001	72,737	75,001	72,737
Revenues from marketing event		53,313	3,355	53,313	3,355
Gain on sales on assets		32,971	325	32,938	332
Revenues from fees and management funds		28,368	24,513	-	-
Service income (Note 8)		17,875	16,237	1,654,400	1,840,240
Rental & utilities revenue		16,692	12,524	16,692	12,524
Fines		14,126	21,198	10,929	13,094
Transfer rights of membership		10,000	1,200	10,000	-
Other income		31,257	29,064	11,121	18,693
		<u>279,603</u>	<u>181,153</u>	<u>1,864,394</u>	<u>1,960,975</u>

**30 Employee benefit expenses**

	<b>Consolidated</b>		<b>(Unit : Baht'000)</b>	
	<b>2017</b>	<b>2016</b>	<b>SET</b>	<b>2016</b>
<b>Management</b>				
Salaries and other benefits	137,695	173,781	137,695	173,781
Contributions to provident fund	9,635	9,695	9,635	9,695
	<u>147,330</u>	<u>183,476</u>	<u>147,330</u>	<u>183,476</u>
<b>Other employees</b>				
Salaries and other benefits	1,355,769	1,219,853	1,316,637	1,210,988
Contributions to provident fund	65,987	62,445	63,670	61,869
	<u>1,421,756</u>	<u>1,282,298</u>	<u>1,380,307</u>	<u>1,272,857</u>
	<u>1,569,086</u>	<u>1,465,774</u>	<u>1,527,637</u>	<u>1,456,333</u>

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 15.00% 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.

**31 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 2016, the Board of the SEC has approved to charge SET for the year 2017 - 2019 (for the period of 3 years) as follows:

1. Charge at the rate of 0.002% of trading value of the 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 2017, the SET Board of Governors was resolved to cancel the additional fees as prescribed by the Office of the Securities and Exchange Commission in order to comply with the Securities and Exchange Act (No. 5) BE 2559, effective from 12 December 2016.

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 required Thailand Future Exchange Public Company Limited (subsidiary) to pay the fee of derivatives trading exchange. The rate for year 2017 - 2019 is Baht 2 million per annum.

**32 Other expenses**

	<b>Consolidated</b>		<b>(Unit : Baht'000)</b>	
	<b>2017</b>	<b>2016</b>	<b>SET</b>	<b>2016</b>
Fees and compensation expenses	86,757	75,958	116,276	75,838
Travelling and vehicle expenses	38,562	30,386	36,650	30,386
Contributions to capital market institutions	28,913	26,465	28,913	36,367
Institution membership fees	4,948	4,982	3,864	4,207
Meeting expenses	3,664	3,884	3,586	3,786
Entertainment expenses	1,896	2,052	1,895	2,127
Other expenses	14,608	9,070	8,350	8,121
	<u>179,348</u>	<u>152,797</u>	<u>199,534</u>	<u>160,832</u>

### 33 Income tax expense

According to the Director-General of the Revenue Department's Notification (No. 271) on Income Tax, SET has been defined as a company or juristic partnership under section 39 of the Revenue Code. As a result, SET will have to be responsible for corporate income tax effective on 9 August 2016, starting from the day after the announcement in The Royal Thai Government Gazette onwards.

	<b>Consolidated</b>		<b>(Unit : Baht'000)</b>	
	<b>2017</b>	<b>2016</b>	<b>SET</b>	
			<b>2017</b>	<b>2016</b>
<b>Current income tax</b>				
Current income tax	501,403	284,799	333,992	133,853
Total current income tax	501,403	284,799	333,992	133,853
<b>Deferred income tax</b>				
Origination and reversal of temporary differences	2,326	(54,185)	1,032	(52,698)
Total deferred income tax	2,326	(54,185)	1,032	(52,698)
Total income tax	503,729	230,614	335,024	81,155

The tax on the Group's revenues over expenses before tax differs from the theoretical amount that would arise using the Thailand basic tax rate as follows:

	<b>Consolidated</b>		<b>(Unit : Baht'000)</b>	
	<b>2017</b>	<b>2016</b>	<b>SET</b>	
			<b>2017</b>	<b>2016</b>
Revenues over expenses before income tax expense	2,336,318	1,989,884	1,758,561	1,630,279
Tax calculated at a tax rate of 20% (2016: 20%)	467,264	397,977	351,712	326,056
Income not subject to tax	(74,260)	(307,019)	(74,260)	(306,424)
Expenses additional deductible for tax purposes	(2,995)	-	(2,995)	-
Expenses not deductible for tax purposes	64,058	63,748	62,410	63,748
Eliminated transaction between related party, net of income tax	51,629	78,285	-	-
Revenues over expenses - Securities/Derivatives Investor Protection Fund, net of income tax	(1,967)	(2,377)	(1,843)	(2,225)
Income tax	503,729	230,614	335,024	81,155

The weight average applicable tax rate was 21.56% (2016: 11.59%).



34 Commitments with non-related parties

		(Unit : Baht'000)	
		Consolidated	SET
		2017	2016
		2017	2016
<b>Capital commitments</b>			
Buildings and other constructions		103,866	-
Computer and software		50,931	-
		<u>154,797</u>	<u>-</u>
<b>Non-cancellable operating lease commitments</b>			
Within one year		14,515	14,269
After one year but within five years		26,908	28,092
		<u>41,423</u>	<u>42,361</u>
<b>Land lease commitments</b>			
Within one year		-	15,679
After one year but within five years		-	62,716
Over five years		-	111,957
		<u>-</u>	<u>190,352</u>
<b>System and building maintenance commitments</b>			
Within one year		222,347	54,724
After one year but within five years		95,760	77,525
		<u>318,107</u>	<u>132,249</u>

35 Fair value

35.1 Fair value estimation

The fair value of the financial instruments are defined into the following three different levels by valuation method as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2017.

		(Unit : Baht'000)	
		Consolidated	SET
		2017	2017
		Level 1	Level 2
		Level 3	Total
- Trading securities		-	9,589,519
- Available-for-sales		1,190,134	6,742,158
<b>Total</b>		<u>1,190,134</u>	<u>16,331,677</u>
		(Unit : Baht'000)	
		Consolidated	SET
		2017	2017
		Level 1	Level 2
		Level 3	Total
- Trading securities		-	3,351,602
- Available-for-sales		1,190,134	6,742,158
<b>Total</b>		<u>1,190,134</u>	<u>10,093,760</u>

35 Fair value (Cont'd)

35.1 Fair value estimation (Cont'd)

The following table presents the Group's financial assets and liabilities that are not measured at fair value at 31 December 2017.

(Unit : Baht'000)				
Consolidated				
2017				
	Level 1	Level 2	Level 3	Total
- Held-to-maturity debt securities	-	8,093,142	-	8,093,142
- General investments	-	10,047	12,361	22,408
<b>Total</b>	-	<b>8,103,189</b>	<b>12,361</b>	<b>8,115,550</b>

  

(Unit : Baht'000)				
SET				
2017				
	Level 1	Level 2	Level 3	Total
- Held-to-maturity debt securities	-	2,218,202	-	2,218,202
- General investments	-	10,047	12,361	22,408
<b>Total</b>	-	<b>2,228,249</b>	<b>12,361</b>	<b>2,240,610</b>

There was no transfers between Levels 1 and 2 during the year.

Other financial instruments not carried at fair value are typically short-term in nature and reprice to current market rate frequently. Accordingly, their carrying amount is a reasonable approximation of fair value. This includes cash and cash equivalents, cash at banks for financial benefits payable, assets for margin deposits and benefits, accounts receivable, accrued interest receivable, deposits and other benefits in assets for clearing system protection, deposits and other benefits in Securities Investor Protection Fund, deposits and other benefits in Derivatives Investor Protection Fund, accounts payable and short-term borrowings from subsidiaries.

The management believes that the fair value of the Group's financial assets and liabilities does not materially differ from their carrying value.

**Valuation techniques used to derive Level 1 fair values**

Available-for-sale securities presented as long-term investments and Securities Investor Protection Fund. The fair value of investments is measured by using last bid price at the close of business on the statement of financial position date by reference to the Stock Exchange of Thailand and the New York Stock Exchange.

**Valuation techniques used to derive Level 2 fair values**

Available-for-sale securities presented as short-term investments, long-term investments, Securities Investor Protection Fund and general investments, which are short-term. General investments comprise of investments in specific-purpose funds in one open-ended venture capital funds. The fair value of investments is measured by using last bid price at the close of business on the statement of financial position date by reference to the Association of Investment Management Companies.

Held-to-maturity debt securities and trading securities include fixed deposit accounts, bonds and debentures. The fair value of fixed deposit accounts, which is in Level 2, is measured by using discounted cash flows based on each contract with an average yield of 4 commercial banks. The fair value of bonds and debentures are measured by using the bid yield of debt securities published in the Thai Bond Market Association at the end of the date in the statement of financial position.

**Valuation techniques used to derive Level 3 fair values**

As the Group has a general investment in limited companies which the Group's shareholding was insignificant, the Group has no controlling and decision making power in the invested companies resulting in difficulty in obtaining the information to support the fair value valuation in practice. These investments are not in the stock exchange and do not have any market prices which can be used as fair value. The Group also do not have any plan for selling these investments, so the Group did not assess the fair value for the general investment. Therefore, the Group cannot disclose the fair value of the general investment in the notes to the financial statements and have stated these investments at cost net allowance for impairment (if any).

## **36 Contingent assets and contingent liabilities**

### **36.1 Contingent assets**

#### **36.1.1 SET**

In 2012, the Group sued the insurance group for the fire damages of the Stock Exchange of Thailand building (old building) in 2010. The Group has been seeking compensation for the damages under the insurance contract and coverage amounting to Baht 123 million combined with interest rate at 7.50% per annum. The case was dismissed by the civil court and the appeal court on 30 September 2013 and 14 November 2014, respectively. The Group then filed petitions to the supreme court. As at 31 December 2017, the case was still under the consideration of the supreme court. The outcome of the case has not presently been finalised. Therefore, the Group has not recorded any potential income in the financial statements for the years ended 31 December 2017 and 2016.

### **36.2 Contingent liabilities**

#### **36.2.1 SET**

36.2.1.1 As at 31 December 2017, the SET has letters of guarantee issued by banks totalling Baht 4.68 million (2016: Baht 6.99 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 (2016: 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 2017, TCH had not drawn down the overdraft credit line.

36.2.1.2 On 26 December 2017, the SET was claimed to recourse for damages arising from non-supervising member company to force sell of the plaintiff's securities in accordance the rules specified. The plaintiff was seeking that alleged damages totalling Baht 12.65 million.

As at 31 December 2017, the case was in progress to file statement to the court. The outcome of the case had not been finalised. Therefore, the Group did not record any potential loss in the consolidated financial statements for the year ended 31 December 2017.

#### **36.2.2 Subsidiary**

On 17 October 2017, the subsidiary was claimed to compensate for damages arising from the Company's service. The plaintiff was seeking that alleged damages totalling Baht 16.20 million.

As at 31 December 2017, the case was pending trial of the civil court. The outcome of the case had not been finalised. Therefore, the Group did not record any potential loss in the consolidated financial statements for the year ended 31 December 2017.

**37 Financial instruments - Forward foreign exchange contracts**

At 31 December 2017, the Company has financial instruments, which their latest settlement date of forward foreign exchange contracts will be on 28 February 2018. The amount of the outstanding contracts as at 31 December 2017 and 2016 to be paid are:

	(Unit : Baht'000)			
	Consolidated		SET	
	2017	2016	2017	2016
US Dollar currency	682,807	-	682,807	-

The net fair values of forward foreign exchange contracts at the balance sheets date were:

	(Unit : Baht'000)			
	Consolidated		SET	
	2017	2016	2017	2016
Forward foreign exchange contracts				
- with positive fair values	9,106	-	9,106	-

The fair value of forward foreign exchange contracts is in Level 2. They are measured based on foreign exchange rate comparing with Thai Baht announced by the Bank of Thailand which input that are observable.