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*THE STOCK EXCHANGE OF THAILAND  
AND ITS SUBSIDIARIES*

*Financial Statements*

*Year ended December 31, 2018*

## REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

### TO THE MEMBERS OF THE STOCK EXCHANGE OF THAILAND AND THE STOCK EXCHANGE OF THAILAND

#### Opinion

We 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 (the "SET"), which comprise the consolidated and separate statements of financial position as at December 31, 2018, and the related consolidated and separate statements of comprehensive revenues and expenses, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of The Stock Exchange of Thailand and its subsidiaries and of The Stock Exchange of Thailand as at December 31, 2018, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards ("TFRSs").

#### Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing ("TSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to the audit of the consolidated and separate financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated and separate financial statements of the current period. This matter was addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key Audit Matter	Audit Response
<p><b>Revenue recognition - Trading fees</b></p> <p>Trading fees have terms and conditions to charge the fees based on trading volume. The Group makes use of information and technology system in storing of trading volume and calculating trading fees.</p> <p>We focused our and if on the following as of trading fees specifically relating of :</p> <ul style="list-style-type: none"> <li>• Storing of securities trading data and processing of the information and technology system,</li> <li>• Accuracy and completeness of information used to revenue recognition.</li> </ul> <p>The accounting policies of revenue recognition, the details of trading fees and operating segment information were disclosed in Note 2.18, Note 6 and Note 26 to the financial statements respectively.</p>	<p>Our key audit procedures were as follows:</p> <ul style="list-style-type: none"> <li>• Understand the revenue recognition - trading fees process and related internal control procedures</li> <li>• Review the design and implementation of the internal control procedures</li> <li>• Perform the operating effectiveness testing over the internal control procedures around revenue recognition process including related information and technology system</li> <li>• Perform substantive testing as follows:                     <ul style="list-style-type: none"> <li>- Examine the trading volume information of the customers and trading fees rates, recalculate the trading fees and examine the related supporting documents of those revenues whether the trading fees have been completely and accurately recognized</li> <li>- Perform substantive analytical procedures relating to the trading fees.</li> </ul> </li> </ul>



### **Other Matter**

The consolidated statement of financial position of The Stock Exchange of Thailand and its subsidiaries and the separate financial statements of The Stock Exchange of Thailand as at December 31, 2017 and the related consolidated and separate statements of comprehensive revenues and expenses, changes in fund balances and cash flows for the year then ended presented herein as comparative information, were audited by another auditor, whose report thereon dated February 21, 2018 expressed an unmodified opinion on those statements.

### **Other Information**

Management is responsible for the other information. The other information comprises information in the annual report, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and the management of the SET.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as management determines 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, management is responsible for assessing the Group's and the SET'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements**

Our 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 our 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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's and the SET's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the SET to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and the 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. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we 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 our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we 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. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Dr. Suphamit Techamontrikul  
Certified Public Accountant (Thailand)  
Registration No. 3356

**BANGKOK**  
February 20, 2019

**DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.**

**THE STOCK EXCHANGE OF THAILAND AND ITS SUBSIDIARIES**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2018**

(Unit : Thousand Baht)

		<b>Consolidated</b>		<b>Separate</b>	
		<b>Financial Statements</b>		<b>Financial Statements</b>	
	<b>Notes</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	8	1,118,595	1,261,212	948,769	854,342
Cash at banks for financial benefits payable		69,086	67,683	-	-
Assets for margin deposits and benefits	17	15,510,404	13,397,885	-	-
Short-term investments, net	9	7,838,876	6,649,894	7,838,876	6,649,894
Accounts receivable and accrued income, net	10	327,281	662,941	288,909	678,875
Short-term loans to a joint venture entity	7	7,500	-	7,500	-
Accrued interest receivable		21,177	25,692	106,121	121,569
Other current assets	11	357,783	199,805	241,092	97,012
<b>Total current assets</b>		<b>25,250,702</b>	<b>22,265,112</b>	<b>9,431,267</b>	<b>8,401,692</b>
<b>Non-current assets</b>					
Investments in subsidiaries	12	-	-	1,697,291	1,697,291
Investments in associates and joint venture entity, net	13	968,228	973,019	800,620	800,620
Long-term investments, net	14	8,837,845	8,478,268	8,837,845	8,478,268
Assets for clearing system protection and benefits	18	1,982,549	1,902,397	144,156	142,510
Securities Investor Protection Fund	25	798,473	789,710	798,473	789,710
Derivatives Investor Protection Fund	25	104,150	91,486	-	-
Long-term loans to a subsidiary	7	-	-	5,240,834	5,046,791
Reserve Fund for clearing and settlement	19	5,328,576	5,124,320	-	-
Property, plant and equipment, net	15	4,979,082	5,137,395	4,978,197	5,136,505
Intangible assets, net	16	375,757	426,858	372,279	425,940
Deferred tax assets	20	139,821	2,356	137,655	-
Refundable deposits		5,485	4,985	5,485	4,985
<b>Total non-current assets</b>		<b>23,519,966</b>	<b>22,930,794</b>	<b>23,012,835</b>	<b>22,522,620</b>
<b>Total assets</b>		<b>48,770,668</b>	<b>45,195,906</b>	<b>32,444,102</b>	<b>30,924,312</b>

Notes to the financial statements form an integral part of these financial statements

**THE STOCK EXCHANGE OF THAILAND AND ITS SUBSIDIARIES**  
**STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
**AS AT DECEMBER 31, 2018**

(Unit : Thousand Baht)

		Consolidated		Separate	
		Financial Statements		Financial Statements	
	Notes	2018	2017	2018	2017
<b>Liabilities and fund balances</b>					
<b>Current liabilities</b>					
Margin deposits and benefits payable	17	15,510,404	13,397,885	-	-
Accounts payable and accrued expenses	21	1,139,822	1,027,613	1,100,082	1,014,128
Fees received in advance		335,255	313,867	298,559	273,530
Income tax payable		151,593	174,364	49,194	115,330
Short-term borrowings from subsidiaries	7	-	-	3,783,500	2,921,500
Other current liabilities	22	314,255	301,125	130,556	124,600
<b>Total current liabilities</b>		<u>17,451,329</u>	<u>15,214,854</u>	<u>5,361,891</u>	<u>4,449,088</u>
<b>Non-current liabilities</b>					
Assets for clearing system					
protection and benefits payable	18	1,838,393	1,759,887	-	-
Contributions and benefits to					
Securities Investor Protection Fund	25	322,847	313,375	322,847	313,375
Contributions and benefits to					
Derivatives Investor Protection Fund	25	48,802	36,824	-	-
Employee benefits obligation	23	436,321	401,318	436,321	401,318
Deferred tax liabilities	20	-	85,135	-	83,807
Other non-current liabilities		7,712	9,666	7,712	8,769
<b>Total non-current liabilities</b>		<u>2,654,075</u>	<u>2,606,205</u>	<u>766,880</u>	<u>807,269</u>
<b>Total liabilities</b>		<u>20,105,404</u>	<u>17,821,059</u>	<u>6,128,771</u>	<u>5,256,357</u>
<b>Fund balances</b>					
Funds	24	28,679,406	26,724,008	26,321,432	25,008,151
Other components of fund balances		(14,143)	650,837	(6,101)	659,804
Non-controlling interests		1	2	-	-
<b>Total fund balances</b>		<u>28,665,264</u>	<u>27,374,847</u>	<u>26,315,331</u>	<u>25,667,955</u>
<b>Total liabilities and fund balances</b>		<u>48,770,668</u>	<u>45,195,906</u>	<u>32,444,102</u>	<u>30,924,312</u>

Notes to the financial statements form an integral part of these financial statements



**THE STOCK EXCHANGE OF THAILAND AND ITS SUBSIDIARIES**  
**STATEMENTS OF COMPREHENSIVE REVENUES AND EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

(Unit : Thousand Baht)

		<b>Consolidated</b>		<b>Separate</b>	
		<b>Financial Statements</b>		<b>Financial Statements</b>	
	<b>Notes</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Revenues</b>					
Operating revenues	26	5,722,355	5,006,640	2,601,316	2,281,975
Investment income, net	27	586,185	1,045,019	862,130	1,308,635
Other income	28	269,999	279,603	1,901,827	1,864,394
<b>Total revenues</b>		<b>6,578,539</b>	<b>6,331,262</b>	<b>5,365,273</b>	<b>5,455,004</b>
<b>Expenses</b>					
Employee benefit expenses	29	1,687,752	1,569,086	1,687,555	1,527,637
Directors' remuneration	7	27,252	26,323	23,692	22,761
Marketing expenses		160,839	221,930	139,939	208,861
Educational activity expenses		164,079	161,731	164,134	161,826
Direct service expenses		292,846	292,393	-	-
Building and office expenses		183,063	199,715	182,654	199,476
Technology expenses		230,164	212,787	230,036	212,511
SEC fees	30	567,203	491,110	565,203	489,110
Depreciation and amortisation	15 and 16	482,615	463,433	482,052	462,867
Other expenses	31	182,272	179,348	164,246	199,534
<b>Total expenses</b>		<b>3,978,085</b>	<b>3,817,856</b>	<b>3,639,511</b>	<b>3,484,583</b>
Share of profit of investments in associates and joint venture entity, net of tax	13	8,630	34,150	-	-
<b>Revenues over expenses</b>		<b>2,609,084</b>	<b>2,547,556</b>	<b>1,725,762</b>	<b>1,970,421</b>
<b>Non-operating items</b>					
Income derived from Securities Investor Protection Fund, net	25	9,937	9,215	9,937	9,215
Income derived from Derivatives Investor Protection Fund, net	25	686	622	-	-
Contributions to the Stock Exchange of Thailand Foundation	7	(186,132)	(221,075)	(186,132)	(221,075)
<b>Revenues over expenses before income tax expense</b>		<b>2,433,575</b>	<b>2,336,318</b>	<b>1,549,567</b>	<b>1,758,561</b>
Income tax expense	32	(478,662)	(503,729)	(236,286)	(335,024)
<b>Revenues over expenses</b>		<b>1,954,913</b>	<b>1,832,589</b>	<b>1,313,281</b>	<b>1,423,537</b>
<b>Revenues over expenses for the years attributable to:</b>					
Owners of the parent		1,954,913	1,832,589	1,313,281	1,423,537
Non-controlling interests		-	-	-	-
		<b>1,954,913</b>	<b>1,832,589</b>	<b>1,313,281</b>	<b>1,423,537</b>

Notes to the financial statements form an integral part of these financial statements

**THE STOCK EXCHANGE OF THAILAND AND ITS SUBSIDIARIES**  
**STATEMENTS OF COMPREHENSIVE REVENUES AND EXPENSES (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

(Unit : Thousand Baht)

		Consolidated Financial Statements		Separate Financial Statements	
	Notes	2018	2017	2018	2017
Revenues over expenses		1,954,913	1,832,589	1,313,281	1,423,537
<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	13	(103)	53	-	-
Change in value of available-for-sale investments managed by SET	25	(825,957)	322,123	(825,957)	322,123
Change in value of available-for-sale investments from Securities Investor Protection Fund	25	(10,646)	9,462	(10,646)	9,462
Income tax relating to items that will be reclassified subsequently to revenues and expenses	25	171,725	(68,564)	170,698	(67,536)
<b>Total items that will be reclassified subsequently to revenues and expenses</b>		<u>(664,981)</u>	<u>263,074</u>	<u>(665,905)</u>	<u>264,049</u>
<b>Items that will not be reclassified subsequently to revenues and expenses</b>					
Remeasurements of post-employment benefits obligations	25	606	(147,924)	-	(147,227)
Income tax relating to items that will not be reclassified subsequently to revenues and expenses	25	(121)	29,445	-	29,445
<b>Total items that will not be reclassified subsequently to revenues and expenses</b>		<u>485</u>	<u>(118,479)</u>	<u>-</u>	<u>(117,782)</u>
Other comprehensive revenues and expenses, net of tax		<u>(664,496)</u>	<u>144,595</u>	<u>(665,905)</u>	<u>146,267</u>
<b>Total comprehensive revenues and expenses</b>		<u>1,290,417</u>	<u>1,977,184</u>	<u>647,376</u>	<u>1,569,804</u>
<b>Total comprehensive revenues and expenses for the years attributable to:</b>					
Owners of the parent		1,290,418	1,977,184	647,376	1,569,804
Non-controlling interests		(1)	-	-	-
		<u>1,290,417</u>	<u>1,977,184</u>	<u>647,376</u>	<u>1,569,804</u>

Notes to the financial statements form an integral part of these financial statements

**THE STOCK EXCHANGE OF THAILAND AND ITS SUBSIDIARIES**  
**STATEMENT OF CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

(Unit : Thousand Baht)

Consolidated Financial Statements								
		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			
Note	Fund balances (See Note 24)					Total fund balances	Non- controlling interests	Total fund balances
<b>Opening balance as at January 1, 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	25 (118,479)	256,671	6,350	53	263,074	144,595	-	144,595
Revenues over expenses	25 1,832,589	-	-	-	-	1,832,589	-	1,832,589
<b>Closing balance as at December 31, 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>
<b>Opening balance as at January 1, 2018</b>	26,724,008	639,642	11,223	(28)	650,837	27,374,845	2	27,374,847
Other comprehensive revenues and expenses, net of tax	25 485	(659,735)	(5,142)	(103)	(664,980)	(664,495)	(1)	(664,496)
Revenues over expenses	25 1,954,913	-	-	-	-	1,954,913	-	1,954,913
<b>Closing balance as at December 31, 2018</b>	<u>28,679,406</u>	<u>(20,093)</u>	<u>6,081</u>	<u>(131)</u>	<u>(14,143)</u>	<u>28,665,263</u>	<u>1</u>	<u>28,665,264</u>

Notes to the financial statements form an integral part of these financial statements

**THE STOCK EXCHANGE OF THAILAND AND ITS SUBSIDIARIES**  
**STATEMENT OF CHANGES IN FUND BALANCES (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

(Unit : Thousand Baht)

		Separate Financial Statements			
		Other components of fund balances			
Note	Fund balances (See Note 24)	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
<b>Opening balance as at January 1, 2017</b>	23,702,396	390,882	4,873	395,755	24,098,151
Other comprehensive revenues and expenses, net of tax	25 (117,782)	257,699	6,350	264,049	146,267
Revenues over expenses	25 1,423,537	-	-	-	1,423,537
<b>Closing balance as at December 31, 2017</b>	<u>25,008,151</u>	<u>648,581</u>	<u>11,223</u>	<u>659,804</u>	<u>25,667,955</u>
<b>Opening balance as at January 1, 2018</b>	25,008,151	648,581	11,223	659,804	25,667,955
Other comprehensive revenues and expenses, net of tax	25 -	(660,763)	(5,142)	(665,905)	(665,905)
Revenues over expenses	25 1,313,281	-	-	-	1,313,281
<b>Closing balance as at December 31, 2018</b>	<u>26,321,432</u>	<u>(12,182)</u>	<u>6,081</u>	<u>(6,101)</u>	<u>26,315,331</u>

Notes to the financial statements form an integral part of these financial statements



**THE STOCK EXCHANGE OF THAILAND AND ITS SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

(Unit : Thousand Baht)

		<b>Consolidated</b>		<b>Separate</b>	
		<b>Financial Statements</b>		<b>Financial Statements</b>	
	<b>Notes</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities</b>					
Revenues over expenses before income tax expense		2,433,575	2,336,318	1,549,567	1,758,561
Adjustments for					
Depreciation and amortisation	15 and 16	482,615	463,433	482,052	462,867
Investment income, net		(593,398)	(1,021,190)	(861,978)	(1,292,825)
Income derived from Securities Investor Protection Fund, net	25	(9,937)	(9,215)	(9,937)	(9,215)
Income derived from Derivatives Investor Protection Fund, net	25	(686)	(622)	-	-
Reversal of allowance for impairment of investments	9	-	(10,918)	-	(10,918)
Provision for employee benefits	23	51,008	25,222	51,008	23,290
Gains on disposals of assets	28	-	(32,971)	-	(32,938)
Loss from write-off of assets		507	-	507	-
Share of profit of investments in associates and joint venture entity (net of tax)	13	(8,630)	(34,150)	-	-
		<u>2,355,054</u>	<u>1,715,907</u>	<u>1,211,219</u>	<u>898,822</u>
Changes in operating assets and liabilities					
(Increase) decrease in operating assets					
Assets for margin deposits and benefits		(2,112,519)	(3,237,917)	-	-
Accounts receivable and accrued income		335,660	(320,198)	389,966	(343,115)
Other current assets		(158,782)	11,758	(145,080)	13,478
Assets for clearing system protection and benefits		(80,152)	(181,037)	(1,646)	(2,467)
Securities Investor Protection Fund		(11,750)	(41,552)	(11,750)	(41,552)
Derivatives Investor Protection Fund		(13,007)	(8,833)	-	-
Refundable deposits		(500)	(2,371)	(500)	(2,371)
Increase (decrease) in operating liabilities					
Margin deposits and benefits payables		2,112,519	3,237,917	-	-
Accounts payable and accrued expenses		222,166	(140,328)	195,426	(137,118)
Fees received in advance		21,388	(5,762)	25,029	(4,154)
Other current liabilities		15,791	(22,556)	7,166	(31,138)
Assets for clearing system protection and benefits payable		78,506	178,570	-	-
Contributions and benefits to Securities Investor Protection Fund		9,472	19,501	9,472	19,501
Contributions and benefits to Derivative Investor Protection Fund		11,978	7,989	-	-
Employee benefits paid	23	(18,666)	(3,034)	(18,568)	(2,554)
Transfer of employees from a subsidiary	23	-	-	1,354	-
Other non-current liabilities		(1,942)	2,270	(1,045)	1,373
Cash flows generated from operations		<u>2,765,216</u>	<u>1,210,324</u>	<u>1,661,043</u>	<u>368,705</u>
Less: Income tax paid		<u>(553,532)</u>	<u>(447,789)</u>	<u>(353,187)</u>	<u>(293,619)</u>
<b>Net cash generated from operating activities</b>		<u><b>2,211,684</b></u>	<u><b>762,535</b></u>	<u><b>1,307,856</b></u>	<u><b>75,086</b></u>

Notes to the financial statements form an integral part of these financial statements

**THE STOCK EXCHANGE OF THAILAND AND ITS SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

(Unit : Thousand Baht)

		<b>Consolidated</b>		<b>Separate</b>	
		<b>Financial Statements</b>		<b>Financial Statements</b>	
	<b>Notes</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Cash flows from investing activities</b>					
Investment income received		375,973	826,669	386,611	749,471
Dividend received		211,998	214,644	532,529	506,931
Purchase of short-term investments	9	(3,018,708)	(3,607,599)	(3,018,708)	(3,607,599)
Proceeds from disposals of short-term investments	9	2,044,831	7,160,566	2,044,831	7,160,566
Proceeds from disposals of investment in subsidiaries		-	-	-	10,000
Purchase of investment in subsidiaries		-	-	-	(210,000)
Short-term loans to joint venture entity	7	(7,500)	-	(7,500)	-
Purchase of long-term investments	14	(3,703,981)	(3,535,643)	(3,703,981)	(3,535,643)
Proceeds from disposals of long-term investments	14	2,303,330	3,676,658	2,303,330	3,676,658
Proceeds from long-term loans to a subsidiary	7	-	-	5,957	-
Payment for long-term loans to a subsidiary	7	-	-	(200,000)	(5,046,791)
Reserve fund for clearing and settlement		(204,256)	(5,124,320)	-	-
Purchase of property, plant and equipment		(298,163)	(189,693)	(297,941)	(189,693)
Proceeds from disposals of property, plant and equipment		-	411,887	-	411,563
Purchase of intangible assets		(85,017)	(77,202)	(82,121)	(77,202)
Proceeds from share of profit of investments					
in joint venture entity		2,047	4,555	-	-
Proceeds from share of profit of investments in associates		12,595	9,446	-	-
Benefits received from Securities Investor					
Protection Fund		12,924	12,589	12,924	12,589
Benefits received from Derivatives					
Investor Protection Fund		1,029	844	-	-
<b>Net cash used in investing activities</b>		<b>(2,352,898)</b>	<b>(216,599)</b>	<b>(2,024,069)</b>	<b>(139,150)</b>
<b>Cash flows from financing activities</b>					
Cash inflow on short-term borrowings from subsidiaries	7	-	-	1,226,000	457,000
Repayment of short-term borrowings from subsidiaries	7	-	-	(364,000)	(110,000)
Interest paid		-	-	(51,360)	(40,957)
<b>Net cash generated from financing activities</b>		<b>-</b>	<b>-</b>	<b>810,640</b>	<b>306,043</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(141,214)</b>	<b>545,936</b>	<b>94,427</b>	<b>241,979</b>
Opening balances		1,328,895	782,959	854,342	612,363
<b>Closing balances</b>		<b>1,187,681</b>	<b>1,328,895</b>	<b>948,769</b>	<b>854,342</b>
<b>Supplemental disclosures of cash flows information</b>					
Cash and cash equivalents are as follows:					
Cash and cash equivalents	8	1,118,595	1,261,212	948,769	854,342
Cash at a banks for financial benefits payable		69,086	67,683	-	-
		<b>1,187,681</b>	<b>1,328,895</b>	<b>948,769</b>	<b>854,342</b>
<b>Significant non-cash transactions</b>					
Unrealised gain (loss) on available-for-sale securities		(826,060)	322,176	(825,957)	322,123
Unrealised gain (loss) on available-for-sale securities					
from Securities Investor Protection Fund	25.2	(10,646)	9,462	(10,646)	9,462
Other payables from purchase of assets		26,269	135,741	26,269	135,741

Notes to the financial statements form an integral part of these financial statements

**THE STOCK EXCHANGE OF THAILAND AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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**THE STOCK EXCHANGE OF THAILAND AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
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**THE STOCK EXCHANGE OF THAILAND AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**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 (1974). The principal business activities of 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. SET commenced its trading of securities on April 30, 1975 and operates under the framework of the Securities Exchange of Thailand Act B.E. 2535 (1992). Its registered office is located at 93 Floor 17 Ratchadapisek Road, Kwaeng Din Daeng, Khet Din Daeng, Bangkok 10400, Thailand.

For reporting purposes, 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 fund services comprise the operation of securities registrar and fund services.

Details of SET's subsidiaries, associates and joint venture entity as at December 31, 2018 and 2017 are as follows:

Name of entity	Type of business	Country of incorporation	Ownership interest %	
			2018	2017
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 liquidation was completely on July 26, 2018)	Investment management in Depository Receipts	Thailand	-	-
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	100.00
Live Fin Corp Co., Ltd.	Provider of electronic network system for investment	Thailand	100.00	100.00
Joint venture entity				
Family Know-how Co., Ltd. <sup>(1)</sup> (the dissolution was registered on December 26, 2018)	Media business specialising in financial and investment information	Thailand	-	50.00
Associates				
Clearing Fund <sup>(2)</sup>	Fund	Thailand	9.42	10.41
TSFC Securities Public Company Limited <sup>(3)</sup>	Securities financing services and securities borrowing and lending	Thailand	40.65	40.65

Details of SET's subsidiaries, associates and joint venture entity as at December 31, 2018 and 2017 are as follows:

(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 SET group in promoting an investment culture. 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.

A Company has registered the dissolution with the Ministry of Commerce on December 26, 2018, and is currently in the process of liquidation.

## (2) Clearing Fund

The Clearing Fund operates under the Regulations of the Clearing Fund (No.1) B.E. 2541 (1998), which require that a one-time payment of Baht 100 million be made as an initial contribution by SET. The ownership interest percentage will be reduced based on further contributions made by other members of the Clearing Fund in the future. 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. 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 separate financial statements have been prepared in accordance with Thai Financial Reporting Standards under the Accounting Act B.E. 2543 (2000), being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547 (2004).

The consolidated and separate 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 separate financial statements are disclosed in Note 4.

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

## 2.2 Revised financial reporting standards, and related interpretations

### 2.2.1 Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statements

During the period, the Group has adopted the revised and new financial reporting standards and guidelines on accounting issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

### 2.2.2 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

- 1) Thai Financial Reporting Standards which will be effective for the financial statements with fiscal years beginning on or after January 1, 2019

#### New Thai Financial Reporting Standards and Thai Financial Reporting Standard Interpretation

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standards and Thai Financial Reporting Standard Interpretation which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards.

#### **Thai Financial Reporting Standards ("TFRS")**

TFRS 1 First-time Adoption of International Financial Reporting Standards

TFRS 15 Revenue from Contracts with Customers

#### **Thai Financial Reporting Standard Interpretation ("TFRIC")**

TFRIC 22 Foreign Currency Transactions and Advance Consideration

There is the key change to the core principle of TFRS 15, which introduces a 5-step approach to revenue recognition, as follows:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation



Under TFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied. TFRS 15 will supersede the Standards and Interpretations relating to revenue upon its effective date.

#### Thai Financial Reporting Standards (TFRSs) Revised 2018

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standards (TFRSs) Revised 2018 which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology and reference to other TFRSs except following TFRSs, which there are revision or additional paragraph and accounting guidance.

#### **Thai Accounting Standards (“TAS”)**

TAS 28 (Revised 2018)      Investment in Associates and Joint Ventures

TAS 40 (Revised 2018)      Investment Property

#### **Thai Financial Reporting Standards (“TFRS”)**

TFRS 2 (Revised 2018)      Share-based Payment

TFRS 4 (Revised 2018)      Insurance Contracts

- 2) Thai Financial Reporting Standards which will be effective for the financial statements with fiscal years beginning on or after January 1, 2020

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standard Group of Financial Instruments which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards, as follows:

#### **Thai Accounting Standards (“TAS”)**

TAS 32      Financial Instruments: Presentation

#### **Thai Financial Reporting Standards (“TFRS”)**

TFRS 7      Financial Instruments: Disclosures

TFRS 9      Financial Instruments

#### **Thai Financial Reporting Standard Interpretations (“TFRIC”)**

TFRIC 16      Hedges of a Net Investment in a Foreign Operation

TFRIC 19      Extinguishing Financial Liabilities with Equity Instruments

These TFRSs make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost; taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model, the calculation of impairment using the expected credit loss method, and the concept of hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. These TFRSs will supersede the Standards and Interpretations relating to the financial instruments upon its effective date.

The Group's management will adopt such TFRSs in the preparation of the Group's financial statements when it becomes effective. The Group's management is in the process to assess the impact of these TFRSs on the financial statements of the Group in the period of initial application.

## 2.3 Group Accounting - Investments in subsidiaries, associates and joint ventures entity

### 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 separate 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.

### 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 separate 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 entity

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.

### 2.4 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.

## 2.7 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) General investments are investments in non-marketable equity.

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 in statements of comprehensive revenues and expenses in the statements of comprehensive revenue 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 part of the 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 (if any).

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

## 2.9 Property, plant and equipment

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

Depreciation is charged to the statement of comprehensive revenues and expenses on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, except for land which is considered to have an unlimited useful life. The estimated useful lives are as follows:

Buildings	10 - 50 years
Building improvements	5 - 30 years
Furniture and fixtures	5 - 20 years
Office equipment	5 - 20 years
Vehicles	5 years

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

Borrowings are recognized initially at fair value, net of transaction cost incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in revenues or expenses over the period of the borrowings using the effective yield method.

#### 2.11 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 2 - 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.

## 2.12 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.

## 2.13 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.

## 2.14 Trade and other accounts payable

Trade and other accounts payable are stated at cost.

## 2.15 Employee benefits obligation

### 1) Short-term benefits

The Group recognises salaries, wages, bonuses, contributions to the social security fund and cumulative annual leave as expenses when incurred.

### 2) Contributions to provident fund

The Group operates a provident fund, being a defined contribution plan. The assets of which are held in a separate trustee-administered fund. The provident fund is funded by payments from employees and by the Group. The Group's contributions to provident fund are charged to expenses in the statement of comprehensive revenues and expenses in the period to which the contributions relate.

### 3) Retirement benefits and other benefits

Employee benefits that will be paid upon retirement usually depends on one or more factors such as age of employees, years of service and compensation. In addition, the Group provides other long-term employee benefit plans, namely long service awards.



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 cost are recognised immediately in revenues and expenses.

Past service cost related to the plan amendment is recognised as an expense in the statement of revenues and expenses when the plan amendment is effective.

#### 4) 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.

#### 2.16 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.

2.17 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.

2.18 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.

2.19 Expense

Expense is recognised in the statement of comprehensive revenues and expenses on an accrual basis.

2.20 Directors' remuneration

Directors' remuneration comprises the benefits paid to the Board of Governors of 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).

## 2.21 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.

## 2.22 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 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.

### 3.1 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 36.

### 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 provides 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.

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.  Direct investment in Mutual Fund and Exchange Traded Fund "ETF": not to exceed 10% of foreign equity value per each fund. (2017: 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. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS**

Use of management's judgements and key sources of estimation uncertainty

4.1 Management's judgements in applying accounting policies

The preparation of financial statements in conformity with Thai Financial Reporting Standards requires the Group's management to exercise various judgements in applying accounting policies that can significantly affect the recognition and disclosures in the financial statements. Significant judgements in applying accounting policies are as follows:

Allowance for doubtful accounts

Detail of the allowance for doubtful is set out in Note 2.8

Impairment

Detail of the impairment of asset is set out in Note 2.12

Employee benefits obligation

Details of the employee benefits obligation are set out in Notes 2.15 and 23

Provisions

Detail of the provisions is set out in Note 2.16

Deferred tax

Details of the deferred tax are set out in Notes 2.21 and 20

4.2 Key sources of estimation uncertainty

The Company has estimates with the assumptions concerning the future. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

### Fair value measurements and valuation processes

Fair value measurements are for information disclosure purposes

The Group regularly review significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the Group assess the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS 13, including the level in the fair value hierarchy.

When measuring the fair value of an asset or a liability, the Group use market observable data as the first priority. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques for fair value measurement as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

## **5. CAPITAL RISK MANAGEMENT**

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

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

## **6. 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 December 31, 2018 and 2017 and for the years ended December 31, 2018 and 2017 are as follows:

(Unit : Thousand Baht)

Consolidated Financial Statements							
	Securities Markets	Derivatives Markets	Technology Services	Registrar Services	Capital Market Development and others	Elimination	Total
<b>For the year ended December 31, 2018</b>							
Revenues from operation	3,107,109	957,548	592,399	1,120,937	214,361	-	5,992,354
Revenue from inter-segment	810,061	426,274	92,044	500,202	27,006	(1,855,587)	-
Total revenue	3,917,170	1,383,822	684,443	1,621,139	241,367	(1,855,587)	5,992,354
<b>Segment revenues over expenses</b>	<b>1,240,378</b>	<b>578,592</b>	<b>196,337</b>	<b>341,708</b>	<b>(342,746)</b>	<b>-</b>	<b>2,014,269</b>
Investment income, net							586,185
Share of loss of investments in joint venture entity, net of tax							(30,933)
Share of profit of investments in associates, net of tax							39,563
<b>Revenues over expenses in operations</b>							<b>2,609,084</b>
<b>Non-operating items:</b>							
Income derived from Securities Investor Protection Fund, net							9,937
Income derived from Derivatives Investor Protection Fund, net							686
Contributions to the Stock Exchange of Thailand Foundation							(186,132)
<b>Revenues over expenses before income tax expenses</b>							<b>2,433,575</b>
Income tax expense							(478,662)
<b>Revenues over expenses</b>							<b>1,954,913</b>
<b>As at December 31, 2018</b>							
Segment assets	4,008,194	29,027,065	921,289	743,866	460,892	(5,656,956)	29,504,350
Other assets	-	-	-	-	24,579,501	(5,313,183)	19,266,318
<b>Total assets</b>	<b>4,008,194</b>	<b>29,027,065</b>	<b>921,289</b>	<b>743,866</b>	<b>25,040,393</b>	<b>(10,970,139)</b>	<b>48,770,668</b>
Segment liabilities	1,503,384	23,093,450	226,649	443,766	495,111	(5,656,956)	20,105,404
Other liabilities	-	-	-	-	3,783,500	(3,783,500)	-
<b>Total liabilities</b>	<b>1,503,384</b>	<b>23,093,450</b>	<b>226,649</b>	<b>443,766</b>	<b>4,278,611</b>	<b>(9,440,456)</b>	<b>20,105,404</b>



(Unit : Thousand Baht)

Consolidated Financial Statements							
	Securities	Derivatives	Technology	Registrar	Capital Market Development and others	Elimination	Total
	Markets	Markets	Services	Services			
<b>For the year ended December 31, 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>							<u>2,547,556</u>
<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>							<u>2,336,318</u>
Income tax expense							(503,729)
<b>Revenues over expenses</b>							<u>1,832,589</u>
<b>As at December 31, 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>

**Reconciliation of reportable segment assets/liabilities were as follows:**

	<b>(Unit : Thousand Baht)</b>	
	<b>Consolidated</b>	
	<b>Financial Statements</b>	
	<b>2018</b>	<b>2017</b>
<b>Assets</b>		
<b>Assets for reportable segments</b>	29,504,350	27,478,274
Unallocated amounts:		
- Cash and investments	17,234,806	15,537,537
- Short-term loans to a joint venture entity	7,500	-
- Investments in related parties	968,228	973,019
- Accrued interest receivables	21,177	25,692
- Land and building under construction	1,034,607	1,181,384
<b>Total assets</b>	<u>48,770,668</u>	<u>45,195,906</u>
<b>Liabilities</b>		
<b>Liabilities for reportable segments</b>	20,105,404	17,821,059
<b>Total liabilities</b>	<u>20,105,404</u>	<u>17,821,059</u>

**7. TRANSACTIONS WITH RELATED PARTIES**

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 December 31, 2018 and 2017 were as follows:

	<b>Consolidated Financial Statements</b>		<b>(Unit : Thousand Baht) Separate Financial Statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Service income</b>				
Subsidiaries	-	-	1,711,474	1,639,405
Joint venture entity	15,807	16,195	14,607	14,995
Associates	1,680	1,680	-	-
	<u>17,487</u>	<u>17,875</u>	<u>1,726,081</u>	<u>1,654,400</u>
<b>Purchase of services</b>				
Subsidiaries	-	-	1,993	44,629
Joint venture entity	94,320	95,319	93,120	94,119
	<u>94,320</u>	<u>95,319</u>	<u>95,113</u>	<u>138,748</u>
<b>Interest income</b>				
Subsidiaries	-	-	90,437	100,710
Joint venture entity	8	-	8	-
	<u>8</u>	<u>-</u>	<u>90,445</u>	<u>100,710</u>
<b>Interest expense</b>				
Subsidiaries	-	-	51,360	40,957

Related party balances as at December 31, 2018 and 2017 were as follows:

	<b>Consolidated Financial Statements</b>		<b>(Unit : Thousand Baht) Separate Financial Statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Accounts receivable</b>				
Subsidiaries	-	-	-	749
Joint venture entity	598	304	598	304
	<u>598</u>	<u>304</u>	<u>598</u>	<u>1,053</u>
<b>Accrued income</b>				
Subsidiaries	-	-	172,801	204,750
Joint venture entity	443	460	443	460
Associates	140	140	-	-
	<u>583</u>	<u>600</u>	<u>173,244</u>	<u>205,210</u>
<b>Accrued interest receivable</b>				
Subsidiaries	-	-	86,323	97,878
Joint venture entity	8	-	8	-
	<u>8</u>	<u>-</u>	<u>86,331</u>	<u>97,878</u>
<b>Other current assets</b>				
Subsidiaries	-	-	-	124
Joint venture entity	441	16	441	16
	<u>441</u>	<u>16</u>	<u>441</u>	<u>140</u>
<b>Account payables</b>				
Subsidiaries	-	-	124	755
Joint venture entity	6,746	32	6,746	32
	<u>6,746</u>	<u>32</u>	<u>6,870</u>	<u>787</u>
<b>Accrued expenses</b>				
Subsidiaries	-	-	184	17,669
Joint venture entity	-	16,450	-	16,450
	<u>-</u>	<u>16,450</u>	<u>184</u>	<u>34,119</u>
<b>Fees received in advance</b>				
Subsidiaries	-	-	3,165	3,085
Joint venture entity	-	1,759	-	1,759
	<u>-</u>	<u>1,759</u>	<u>3,165</u>	<u>4,844</u>
<b>Other current liabilities</b>				
Subsidiaries	-	-	-	49
Joint venture entity	1,339	150	1,339	150
	<u>1,339</u>	<u>150</u>	<u>1,339</u>	<u>199</u>

**Short-term loans to a joint venture entity**

	<b>Interest rate (% per annum)</b>		<b>(Unit : Thousand Baht) Consolidated and Separate Financial Statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Short-term loans to a joint venture entity	5.75	-	<u>7,500</u>	<u>-</u>

SET (the parent) lent to a joint venture entity to enhance the liquidity during the dissolution of the joint venture. The loan is in the form of non-convertible promissory notes, which the redemption is on demand.

Movements of short-term loans to joint venture entity for the years ended December 31, 2018 and 2017 were as follows:

	<b>(Unit : Thousand Baht) Consolidated and Separate Financial Statements</b>	
	<b>2018</b>	<b>2017</b>
<b>A joint venture entity</b>		
Opening balance	-	-
Additions	7,500	-
Repayments	-	-
Closing balance	<u>7,500</u>	<u>-</u>

**Long-term loans to a subsidiary**

	<b>(Unit : Thousand Baht) Separate Financial Statements</b>	
	<b>2018</b>	<b>2017</b>
Long-term loans to a subsidiary	<u>5,240,834</u>	<u>5,046,791</u>

SET (the parent) lent to a subsidiary to use as a reserve fund to enhance the competitiveness and support the future business expansion. The rate of return on loan is referred to the net return of a private fund plus 0.30% - 0.50% per annum of principle balance. The rate of return will be reviewed on an annual basis (see Note 19).

Movements of long-term loans to a subsidiary for the years ended December 31, 2018 and 2017 were as follows:

	<b>(Unit : Thousand Baht)</b>	
	<b>Separate</b>	
	<b>Financial Statements</b>	
	<b>2018</b>	<b>2017</b>
<b>A subsidiary</b>		
Opening balance	5,046,791	-
Additions	200,000	5,046,791
Repayments	(5,957)	-
Closing balance	<u>5,240,834</u>	<u>5,046,791</u>

#### **Short-term borrowings from subsidiaries**

	<b>(Unit : Thousand Baht)</b>	
	<b>Separate</b>	
	<b>Financial Statements</b>	
	<b>2018</b>	<b>2017</b>
	<b>Interest rate</b>	
	<b>(% per annum)</b>	
	<b>2018</b>	<b>2017</b>
Short-term borrowings from subsidiaries	1.33 - 1.80	1.36 - 1.56
	<u>3,783,500</u>	<u>2,921,500</u>

The Group has a policy of centralising the investments and managed by 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 December 31, 2018 and 2017 were as follows:

	<b>(Unit : Thousand Baht)</b>	
	<b>Separate</b>	
	<b>Financial Statements</b>	
	<b>2018</b>	<b>2017</b>
<b>Subsidiaries</b>		
Opening balance	2,921,500	2,574,500
Additions	1,226,000	457,000
Repayments	(364,000)	(110,000)
Closing balance	<u>3,783,500</u>	<u>2,921,500</u>

#### **Sponsorship for joint venture entity**

Under the shareholder agreement between SET and a Company, SET will be a principal sponsor of a joint venture's program of Baht 90 million in 2018 (2017: Baht 90 million).

### Contributions to the Stock Exchange of Thailand Foundation (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 Foundation to support outstanding CSR projects that greatly benefit the society and the country as a whole.

The Foundation was established on August 9, 2006. SET's Board of Governors are also the committee members of the foundation, by position. The Foundation supports two key CSR areas; 1) Increasing the potential in human 2) Increasing the potential of organizations and communities.

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 August 9, 2016, an adjustment was made to allocate 13% of revenues over expenses before income tax.

For the year ended December 31, 2018, SET appropriated its annual revenues over expenses of Baht 186.13 million (2017: Baht 221.08 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.

	<b>Consolidated Financial Statements</b>		<b>(Unit : Thousand Baht) Separate Financial Statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Directors' remuneration	27,252	26,323	23,692	22,761
	<u>27,252</u>	<u>26,323</u>	<u>23,692</u>	<u>22,761</u>

## 8. CASH AND CASH EQUIVALENTS

	<b>Consolidated Financial Statements</b>		<b>(Unit : Thousand Baht) Separate Financial Statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Cash on hand	330	350	327	332
Savings and current accounts	1,118,265	1,260,862	948,442	854,010
	<u>1,118,595</u>	<u>1,261,212</u>	<u>948,769</u>	<u>854,342</u>

For the year ended December 31, 2018, savings accounts carried the interest at rates ranging from 0.10% - 1.10% per annum (2017: from 0.10% - 1.20% per annum).

## 9. SHORT-TERM INVESTMENTS, NET

	(Unit : Thousand Baht)	
	Consolidated and Separate	
	Financial Statements	
	2018	2017
<b>Investments managed by SET</b>		
Available-for-sales	3,190,697	2,925,952
Held-to-maturity debt securities (See Note 14)	897,540	-
General investments	-	7,394
	<u>4,088,237</u>	<u>2,933,346</u>
<b>Investments managed by private funds</b>		
Trading securities	3,448,908	3,351,602
Held-to-maturity debt securities	301,731	364,946
	<u>3,750,639</u>	<u>3,716,548</u>
	<u>7,838,876</u>	<u>6,649,894</u>

### Investments managed by SET

#### Available-for-sales:

As at December 31, 2018, investments in money market funds of Baht 3,190.70 million represented investments in 11 open-ended funds (2017: 8 open-ended fund of Baht 2,229.51 million). The investment policy emphasises investments in short-term debt securities.

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

#### Held-to-maturity debt securities:

As at December 31, 2018, fixed deposits at banks which had maturities within one year of Baht 887.54 million carried interest at rates 4.00% per annum (2017: None). Debenture which had maturities within one year of Baht 10.00 million, carried coupon rate at 4.95% per annum and market yields at 3.53% per annum (2017: None).

#### General investments:

As at December 31, 2017, investments in specific-purpose funds of Baht 7.39 million represented investments in 1 open-ended venture capital funds. It primarily invests directly in businesses and industries which have potential growth, and the majority of which was long-term investment. The fund has an automatic redemption from the fourth year (2012). On May 23, 2018, the fund has redeemed all investments (2018: None).

### Investments managed by private funds

The Group's investments in private funds are managed by 2 asset management companies (2017 : 2 asset management companies). The investment policy for private funds is subject to SET's regulations on deposits at financial institutions and investment policies as disclosed in Note 3. The Group presented investments managed by private funds as short-term investments.

For the year ended December 31, 2018, the return rates for investments managed by private funds ranged from 1.35% - 1.37% per annum (2017 : from 2.35% - 2.53% per annum).

#### Trading securities:

As at December 31, 2018 bond, debenture, negotiable certificate of deposit (NCD) and equity securities was Baht 3,448.91 million (2017: Baht 3,351.60 million).

#### Held-to-maturity debt securities:

As at December 31, 2018 savings account was Baht 1.73 million (2017: Baht 0.95 million) and fixed deposit accounts which had maturities within one year was Baht 300.00 million (2017: Baht 364.00 million).

Movements of short-term investments for the years ended December 31, 2018 and 2017 were as follows:

	(Unit : Thousand Baht)	
	Consolidated and Separate	
	Financial Statements	
	2018	2017
Opening balance	6,649,894	10,177,043
Purchases	3,018,708	3,607,599
Disposals	(2,044,831)	(7,160,566)
Current portion of long-term investments	897,540	-
Classification of investments* (see Note14)	(696,445)	-
Unrealised gain on available-for-sale securities	14,010	14,900
Reversal of allowance for impairment	-	10,918
Closing balance	<u>7,838,876</u>	<u>6,649,894</u>

\* As of December 31, 2017, SET has classified investment in foreign mutual funds to short-term investments at the end of 2017 as it is the first direct investment in foreign funds. Initially there is an opportunity to sell funds within 1 year as the volatility in the money market. After managing such investments, SET has considered to apply the investment's policy framework of foreign mutual funds as well as other mutual funds in Thailand, therefore, such investments are classified as long-term investments as at December 31, 2018.



# 10. ACCOUNTS RECEIVABLE AND ACCRUED INCOME, NET

		(Unit : Thousand Baht)			
		Consolidated Financial Statements		Separate Financial Statements	
	Note	2018	2017	2018	2017
<b>Accounts receivable</b>					
Related parties	7	598	304	598	1,053
Other parties		66,756	401,189	30,224	364,299
		67,354	401,493	30,822	365,352
<u>Less</u> Allowance for doubtful accounts		(15,128)	(15,128)	(5,024)	(5,024)
		52,226	386,365	25,798	360,328
<b>Accrued income</b>					
Related parties	7	583	600	173,244	205,210
Other parties		274,472	275,976	89,867	113,337
		275,055	276,576	263,111	318,547
		327,281	662,941	288,909	678,875

Aging analysis for accounts receivable are as follows:

		(Unit : Thousand Baht)			
		Consolidated Financial Statements		Separate Financial Statements	
	Note	2018	2017	2018	2017
<b>Related parties</b>	7				
Within credit terms		174	304	174	1,053
Overdue:					
Less than 3 months		424	-	424	-
		598	304	598	1,053
<b>Other parties</b>					
Within credit terms		36,475	366,368	11,154	341,437
Overdue:					
Less than 3 months		12,614	19,693	11,822	17,838
3 - 6 months		2,073	-	1,923	-
6 - 12 months		153	-	149	-
Over 12 months		15,441	15,128	5,176	5,024
		66,756	401,189	30,224	364,299
<u>Less</u> Allowance for doubtful accounts		(15,128)	(15,128)	(5,024)	(5,024)
		51,628	386,061	25,200	359,275
		52,226	386,365	25,798	360,328

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

# 11. OTHER CURRENT ASSETS

	<b>Consolidated</b>		<b>(Unit : Thousand Baht)</b>	
	<b>Financial Statements</b>		<b>Separate</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Other receivables from sale of investments	150,000	-	150,000	-
Cash at banks for dividend accounts of investors (see Note 22)	84,042	78,151	-	-
Loans to employees	27,114	26,949	27,114	26,949
Prepaid expenses	26,104	29,894	26,104	29,969
Withholding tax receivable	23,592	21,803	-	-
Accounts receivable from net fair values of forward exchange contracts	22,709	9,106	22,709	9,106
Value added tax receivable	7,997	2,204	-	-
Inventory - publication	5,107	6,032	5,107	6,032
Pending input tax	4,619	5,726	4,405	5,772
Receivables from transferring of rights for building utilisation	-	13,066	-	13,066
Others	6,499	6,874	5,653	6,118
	<u>357,783</u>	<u>199,805</u>	<u>241,092</u>	<u>97,012</u>

## 12. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries as at December 31, 2018 and 2017, and dividend income for the years then ended were as follows:

Subsidiaries	(Unit : Thousand Baht)							
	Ownership interest (%)		Paid-up capital		Separate Financial Statements Cost method		Dividend income	
	2018	2017	2018	2017	2018	2017	2018	2017
Thailand Securities Depository Co., Ltd.	100.00	100.00	200,000	200,000	200,000	200,000	223,556	184,014
Thai Trust Fund Management Co., Ltd.	100.00	100.00	100,000	100,000	100,000	100,000	332	180
Thai NVDR Co., Ltd.	100.00	100.00	10,000	10,000	10,000	10,000	494	1,050
SETTRADE.COM Co., Ltd.	100.00	100.00	80,000	80,000	74,591	74,591	-	-
Siam DR Co., Ltd. <sup>(1)</sup>	-	-	-	-	-	-	-	70
Thailand Futures Exchange Public Company Limited	100.00	100.00	500,000	500,000	500,000	500,000	51,015	40,300
Thailand Clearing House Co., Ltd.	100.00	100.00	600,000	600,000	602,700	602,700	30,504	52,680
Live Fin Corp Co., Ltd. <sup>(2)</sup>	100.00	100.00	10,000	10,000	10,000	10,000	-	-
Finnet Innovation Network Co., Ltd. <sup>(3)</sup>	100.00	100.00	200,000	200,000	200,000	200,000	-	-
			<u>1,700,000</u>	<u>1,700,000</u>	<u>1,697,291</u>	<u>1,697,291</u>	<u>305,901</u>	<u>278,294</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 July 21, 2017, the shareholders resolved to dissolve the Company. The dissolution was registered with the Ministry of Commerce on July 31, 2017, and the liquidation was registered on July 26, 2018. The Company has already made repayment on paid-up share capital totaling 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 June 23, 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 June 26, 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 August 23, 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 August 25, 2017.

### 13. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE ENTITY, NET

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

	<b>Consolidated</b>		<b>(Unit : Thousand Baht)</b>	
	<b>Financial Statements</b>		<b>Separate</b>	
	<b>Equity method</b>		<b>Financial Statements</b>	
	<b>2018</b>	<b>2017</b>	<b>Cost method</b>	<b>2017</b>
Associates	940,930	914,065	775,620	775,620
Joint venture entity	27,298	58,954	25,000	25,000
As at December 31,	<u>968,228</u>	<u>973,019</u>	<u>800,620</u>	<u>800,620</u>

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

	<b>Consolidated</b>		<b>(Unit : Thousand Baht)</b>	
	<b>Financial Statements</b>		<b>Separate</b>	
	<b>Equity method</b>		<b>Financial Statements</b>	
	<b>2018</b>	<b>2017</b>	<b>Cost method</b>	<b>2017</b>
Associates	39,563	32,669	-	-
Joint venture entity	(30,933)	1,481	-	-
For the years ended December 31,	<u>8,630</u>	<u>34,150</u>	<u>-</u>	<u>-</u>

**a) Investment in associates**

Set out below are the associates of the Group as at December 31, 2018 and 2017, which 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 : Thousand Baht)										
	Ownership interest (%)		Paid-up capital		Consolidated Financial Statements				Dividend income	
	2018	2017	2018	2017	Cost method		Equity method		2018	2017
					2018	2017	2018	2017		
<b>Associates</b>										
Clearing Fund (“CLF”)	9.42	10.41	2,140,622	1,916,453	100,000	100,000	201,559	199,530	-	-
TSFC Securities Public Company Limited (“TSFC”)	40.65	40.65	1,549,126	1,549,126	675,620	675,620	739,371	714,535	-	-
					775,620	775,620	940,930	914,065	-	-

(Unit : Thousand Baht)												
	Ownership interest (%)		Paid-up capital		Cost method		Separate Financial Statements Impairment		At cost, net		Dividend income	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Associates												
Clearing Fund ("CLF")	9.42	10.41	2,140,622	1,916,453	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	12,595	9,446
					779,015	779,015	(3,395)	(3,395)	775,620	775,620	12,595	9,446

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

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

	(Unit : Thousand Baht)					
	CLF	2018 TSFC	Total	CLF	2017 TSFC	Total
Aggregate carrying amount of individually immaterial associates	201,559	739,371	940,930	199,530	714,535	914,065
Aggregate amounts of the reporting entity's share of:						
Revenues over expenses from continuing activities, net of tax	2,030	37,533	39,563	2,767	29,902	32,669
Other comprehensive revenues and expenses, net of tax	-	(103)	(103)	-	53	53
<b>Total comprehensive revenues and expenses, net of tax</b>	<b>2,030</b>	<b>37,430</b>	<b>39,460</b>	<b>2,767</b>	<b>29,955</b>	<b>32,722</b>

The Group has no contingent liabilities relating to associates.

**b) Investment in joint venture entity**

Set out below is a joint venture entity of the Group as at December 31, 2018 and 2017, which are not material to the Group. A joint venture listed below has share capital consisting solely of preferred shares, which is held directly by the Group.

		(Unit : Thousand Baht)						
		Consolidated Financial Statements						
		Ownership interest (%)		Paid-up capital		Equity method		Dividend income
		2018	2017	2018	2017	2018	2017	2018 2017
<b>Joint venture entity</b>								
Family Know-how Co., Ltd. <sup>(1)</sup>		50.00	50.00	<u>50,000</u>	<u>50,000</u>	<u>27,298</u>	<u>58,954</u>	<u>- -</u>

		(Unit : Thousand Baht)						
		Separate Financial Statements						
		Ownership interest (%)		Paid-up capital		Equity method		Dividend income
		2018	2017	2018	2017	2018	2017	2018 2017
<b>Joint venture entity</b>								
Family Know-how Co., Ltd. <sup>(1)</sup>		50.00	50.00	<u>50,000</u>	<u>50,000</u>	<u>25,000</u>	<u>25,000</u>	<u>2,047 4,555</u>

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

<sup>(1)</sup> At the Extraordinary Shareholder's meeting no. 1/2018 held on December 14, 2018, the shareholders resolved to dissolve the company. The dissolution was registered with the Ministry of Commerce on December 26, 2018 which is currently in the process of liquidation.

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

	<b>(Unit : Thousand Baht)</b>	
	<b>Consolidated</b>	
	<b>Financial Statements</b>	
	<b>2018</b>	<b>2017</b>
Aggregate carrying amount of joint venture entity	27,298	58,954
Aggregate amounts of the reporting entity's share of:		
Revenues over expenses from continuing activities, net of tax	(30,933)	1,481
Other comprehensive revenues and expenses, net of tax	(758)	697
<b>Total comprehensive revenue and expenses, net of tax</b>	<b>(31,691)</b>	<b>2,178</b>

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

#### 14. LONG-TERM INVESTMENTS, NET

	<b>(Unit : Thousand Baht)</b>	
	<b>Consolidated and Separate</b>	
	<b>Financial Statements</b>	
	<b>2018</b>	<b>2017</b>
Available-for-sale investments	8,059,738	7,039,098
Held-to-maturity debt securities	765,746	1,426,809
General investments	12,361	12,361
	<b>8,837,845</b>	<b>8,478,268</b>

Available-for-sale investments :

As at December 31, 2018, investments in general mutual funds and private equity trust fund of Baht 3,629.19 million (2017: Baht 4,007.55 million) represented investments in 35 open-ended funds (2017: 28 funds), which have a policy of emphasising investment in equity securities of listed companies and investment in a fund established to help small and medium enterprises (SMEs), including investment in funds established to invest in start-up businesses in 5 funds (2017: 5 Funds). There is no investment in gold funds (2017: 1 fund of Baht 27.95 million).

As at December 31, 2018, investments in property funds of Baht 1,455.01 million (2017: Baht 1,159.52 million) represented 6 closed-end non-redeemable mutual funds (2017: 5 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 December 31, 2018, investments in foreign investment funds of Baht 2,975.54 million (2017: Baht 1,844.08 million) represented 26 open-ended funds (2017: 20 funds). The Feeder Fund policy is to emphasise investment in foreign fund securities.



**Held-to-maturity debt securities:**

As at December 31, 2017, fixed deposits at banks which had maturities over one year of Baht 887.54 million carried interest at rates 4.00% per annum (2018: None).

As at December 31, 2018, cash at banks under a Memorandum of Understanding (M.O.U.) used as security for housing loans provided to employees of the Group is Baht 523.74 million (2017: Baht 529.27 million).

As at December 31, 2018, Government bonds which had maturities over one year of Baht 242.00 million carried coupon rate ranging from 2.035% - 2.07% per annum and market yields ranging from 2.08% - 2.11% per annum (2017: Debentures of Baht 10.00 million carried coupon rate at 4.95% per annum and market yields at 3.52% per annum).

**General investments:**

As at December 31, 2018, investments in TRIS Corporation Co., Ltd. and Innoconnect Social Enterprise Co., Ltd. was Baht 12.36 million (2017: Baht 12.36 million).

Movements of long-term investments for the years ended December 31, 2018 and 2017 were as follows:

	<b>(Unit : Thousand Baht)</b>	
	<b>Consolidated and Separate</b>	
	<b>Financial Statements</b>	
	<b>2018</b>	<b>2017</b>
Opening balance	8,478,268	8,312,060
Purchases	3,703,981	3,535,643
Disposals	(2,303,330)	(3,676,658)
Classification of investments* (see Note 9)	696,445	-
Unrealised gain/(loss) on available-for-sale securities	(839,979)	307,223
	<u>9,735,385</u>	<u>8,478,268</u>
<u>Less</u> Current portion within 1 year (see Note 9)	<u>(897,540)</u>	<u>-</u>
Closing balance	<u>8,837,845</u>	<u>8,478,268</u>

\* As of December 31, 2017, SET had classified investment in foreign mutual funds to short-term investments at the end of 2017 as it is the first direct investment in foreign funds. Initially, there is an opportunity to sell funds within 1 year as the volatility in the money market. After managing such investments, SET has considered to apply the investment's policy framework of foreign mutual funds as well as other mutual funds in Thailand; therefore, such investments are classified as long-term investments as at December 31, 2018.

As at December 31, 2018 and 2017, held-to-maturity debt securities which were classified by maturity were as follows:

	(Unit : Thousand Baht)			
	Consolidated and Separate Financial Statements			
	Within 1 year (See Note 9)	1 to 5 years	Over 5 years	Total
<b>As at December 31, 2018</b>				
Held-to-maturity debt securities				
Deposits at banks	887,540	-	523,742	1,411,282
Government bonds	-	242,004	-	242,004
Debentures	10,000	-	-	10,000
	<u>897,540</u>	<u>242,004</u>	<u>523,742</u>	<u>1,663,286</u>
<b>As at December 31, 2017</b>				
Held-to-maturity debt securities				
Deposits at banks	-	887,540	529,269	1,416,809
Debentures	-	10,000	-	10,000
	<u>-</u>	<u>897,540</u>	<u>529,269</u>	<u>1,426,809</u>

As at December 31, 2018 and 2017, the fair value of held-to-maturity debt securities were as follows:

	(Unit : Thousand Baht)			
	Consolidated and Separate Financial Statements			
	Amortised cost, net		Fair value	
	2018	2017	2018	2017
Deposits at banks	1,411,282	1,416,809	1,308,358	1,353,692
Government bonds	242,004	-	241,379	-
Debentures	10,000	10,000	10,131	10,266
	<u>1,663,286</u>	<u>1,426,809</u>	<u>1,559,868</u>	<u>1,363,958</u>
<u>Less</u> Current portion within 1 year (see Note 9)	<u>(897,540)</u>	<u>-</u>	<u>(897,671)</u>	<u>-</u>
	<u>765,746</u>	<u>1,426,809</u>	<u>662,197</u>	<u>1,363,958</u>

# 15. PROPERTY, PLANT AND EQUIPMENT, NET

(Unit : Thousand Baht)						
	Consolidated Financial Statements					
	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 January 1, 2017</b>						
Cost	1,014,097	4,955,022	1,474,651	3,538	13,869	7,461,177
Less Accumulated depreciation	-	(1,055,286)	(866,890)	(1,708)	-	(1,923,884)
Net book amount	<u>1,014,097</u>	<u>3,899,736</u>	<u>607,761</u>	<u>1,830</u>	<u>13,869</u>	<u>5,537,293</u>
<b>For the year ended</b>						
<b>December 31, 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	<u>1,014,097</u>	<u>3,314,160</u>	<u>552,788</u>	<u>200</u>	<u>256,150</u>	<u>5,137,395</u>
<b>As at December 31, 2017</b>						
Cost	1,014,097	3,990,700	1,321,750	388	256,150	6,583,085
Less Accumulated depreciation	-	(676,540)	(768,962)	(188)	-	(1,445,690)
Net book amount	<u>1,014,097</u>	<u>3,314,160</u>	<u>552,788</u>	<u>200</u>	<u>256,150</u>	<u>5,137,395</u>
<b>For the year ended</b>						
<b>December 31, 2018</b>						
Opening net book amount	1,014,097	3,314,160	552,788	200	256,150	5,137,395
Additions	-	7,747	30,217	-	152,363	190,327
Disposals/write-off	-	(288)	(439)	-	-	(727)
Depreciation charge	-	(205,587)	(138,912)	(60)	-	(344,559)
Transfer	-	254,167	107,189	-	(361,356)	-
Adjustments	-	-	-	-	(3,354)	(3,354)
Closing net book amount	<u>1,014,097</u>	<u>3,370,199</u>	<u>550,843</u>	<u>140</u>	<u>43,803</u>	<u>4,979,082</u>
<b>As at December 31, 2018</b>						
Cost	1,014,097	4,252,326	1,458,070	388	43,803	6,768,684
Less Accumulated depreciation	-	(882,127)	(907,227)	(248)	-	(1,789,602)
Net book amount	<u>1,014,097</u>	<u>3,370,199</u>	<u>550,843</u>	<u>140</u>	<u>43,803</u>	<u>4,979,082</u>

(Unit : Thousand Baht)

	Land and land improvements	Buildings and building improvements	Separate Financial Statements Furniture, fixtures and office equipment	Motor vehicles	Work in process/ building under construction	Total
<b>As at January 1, 2017</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	<u>1,014,097</u>	<u>3,899,420</u>	<u>606,644</u>	<u>1,830</u>	<u>13,869</u>	<u>5,535,860</u>
<b>For the year ended</b>						
<b>December 31, 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	<u>1,014,097</u>	<u>3,314,160</u>	<u>551,898</u>	<u>200</u>	<u>256,150</u>	<u>5,136,505</u>
<b>As at December 31, 2017</b>						
Cost	1,014,097	3,990,700	1,278,358	388	256,150	6,539,693
<u>Less</u> Accumulated depreciation	-	(676,540)	(726,460)	(188)	-	(1,403,188)
Net book amount	<u>1,014,097</u>	<u>3,314,160</u>	<u>551,898</u>	<u>200</u>	<u>256,150</u>	<u>5,136,505</u>
<b>For the year ended</b>						
<b>December 31, 2018</b>						
Opening net book amount	1,014,097	3,314,160	551,898	200	256,150	5,136,505
Additions	-	7,747	29,995	-	152,363	190,105
Disposals/write-off	-	(288)	(439)	-	-	(727)
Depreciation charge	-	(205,587)	(138,685)	(60)	-	(344,332)
Transfer	-	254,167	107,189	-	(361,356)	-
Adjustments	-	-	-	-	(3,354)	(3,354)
Closing net book amount	<u>1,014,097</u>	<u>3,370,199</u>	<u>549,958</u>	<u>140</u>	<u>43,803</u>	<u>4,978,197</u>
<b>As at December 31, 2018</b>						
Cost	1,014,097	4,252,326	1,414,454	388	43,803	6,725,068
<u>Less</u> Accumulated depreciation	-	(882,127)	(864,496)	(248)	-	(1,746,871)
Net book amount	<u>1,014,097</u>	<u>3,370,199</u>	<u>549,958</u>	<u>140</u>	<u>43,803</u>	<u>4,978,197</u>

# 16. INTANGIBLE ASSETS, NET

	(Unit : Thousand Baht)			
	Consolidated Financial Statements			
	Computer software	Patent	Work in progress	Total
<b>As at January 1, 2017</b>				
Cost	1,467,625	2,867	15,701	1,486,193
<u>Less</u> Accumulated amortisation	<u>(1,018,617)</u>	<u>(903)</u>	<u>-</u>	<u>(1,019,520)</u>
Net book amount	<u>449,008</u>	<u>1,964</u>	<u>15,701</u>	<u>466,673</u>
<b>For the year ended December 31, 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	<u>33,746</u>	<u>-</u>	<u>(33,746)</u>	<u>-</u>
Closing net book amount	<u>391,272</u>	<u>1,579</u>	<u>34,007</u>	<u>426,858</u>
<b>As at December 31, 2017</b>				
Cost	1,519,025	2,867	34,007	1,555,899
<u>Less</u> Accumulated amortisation	<u>(1,127,753)</u>	<u>(1,288)</u>	<u>-</u>	<u>(1,129,041)</u>
Net book amount	<u>391,272</u>	<u>1,579</u>	<u>34,007</u>	<u>426,858</u>
<b>For the year ended December 31, 2018</b>				
Opening net book amount	391,272	1,579	34,007	426,858
Additions	21,286	-	62,095	83,381
Amortisation charge	(137,669)	(387)	-	(138,056)
Transfer	51,922	-	(51,922)	-
Adjustments	<u>7,894</u>	<u>-</u>	<u>(4,320)</u>	<u>3,574</u>
Closing net book amount	<u>334,705</u>	<u>1,192</u>	<u>39,860</u>	<u>375,757</u>
<b>As at December 31, 2018</b>				
Cost	1,600,127	2,867	39,860	1,642,854
<u>Less</u> Accumulated amortisation	<u>(1,265,422)</u>	<u>(1,675)</u>	<u>-</u>	<u>(1,267,097)</u>
Net book amount	<u>334,705</u>	<u>1,192</u>	<u>39,860</u>	<u>375,757</u>

	(Unit : Thousand Baht)			
	Separate Financial Statements			
	Computer software	Patent	Work in progress	Total
<b>As at January 1, 2017</b>				
Cost	1,386,117	2,006	15,701	1,403,824
<u>Less</u> Accumulated amortisation	<u>(937,855)</u>	<u>(528)</u>	<u>-</u>	<u>(938,383)</u>
Net book amount	<u>448,262</u>	<u>1,478</u>	<u>15,701</u>	<u>465,441</u>
<b>For the year ended December 31, 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	<u>390,717</u>	<u>1,216</u>	<u>34,007</u>	<u>425,940</u>
<b>As at December 31, 2017</b>				
Cost	1,440,305	2,006	34,007	1,476,318
<u>Less</u> Accumulated amortisation	<u>(1,049,588)</u>	<u>(790)</u>	<u>-</u>	<u>(1,050,378)</u>
Net book amount	<u>390,717</u>	<u>1,216</u>	<u>34,007</u>	<u>425,940</u>
<b>For the year ended December 31, 2018</b>				
Opening net book amount	390,717	1,216	34,007	425,940
Additions	18,390	-	62,095	80,485
Amortisation charge	(137,456)	(264)	-	(137,720)
Transfer	51,922	-	(51,922)	-
Adjustments	7,894	-	(4,320)	3,574
Closing net book amount	<u>331,467</u>	<u>952</u>	<u>39,860</u>	<u>372,279</u>
<b>As at December 31, 2018</b>				
Cost	1,518,511	2,006	39,860	1,560,377
<u>Less</u> Accumulated amortisation	<u>(1,187,044)</u>	<u>(1,054)</u>	<u>-</u>	<u>(1,188,098)</u>
Net book amount	<u>331,467</u>	<u>952</u>	<u>39,860</u>	<u>372,279</u>

# **17. ASSETS FOR MARGIN DEPOSITS AND BENEFITS**

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

As at December 31, 2018 and 2017, the details of investments for which margin deposits were placed by members consist of:

	<b>(Unit : Thousand Baht)</b>	
	<b>Consolidated</b>	
	<b>Financial Statements</b>	
	<b>2018</b>	<b>2017</b>
Savings and fixed deposit accounts	12,670,196	12,853,973
Savings account in foreign currency	378,758	488,319
Held-to-maturity debt securities	1,604,529	-
Securities collateral	796,926	-
Accrued benefits	59,995	55,593
	<u>15,510,404</u>	<u>13,397,885</u>

As at December 31, 2018, savings account in foreign currency of USD 11.73 million (2017: USD 15.02 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.

## **18. ASSETS FOR CLEARING SYSTEM PROTECTION AND BENEFITS**

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

Assets for clearing system protection comprise of 2 categories as the following:

### **18.1 Securities Deposit**

Members of TCH are required to place a Securities Deposit according to the announcement made by TCH (the current Securities Deposit for 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).

### **18.2 Clearing fund contributions comprising contributions from:**

(1) 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 6 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.

TCH manages the assets for clearing system protection and there are benefits incurred thereon, if such benefits are derived from the assets for clearing system protection of members, TCH shall return them to members after deduction of a management fees in accordance with the procedures and within the period prescribed by TCH.

When TCH has a resolution to terminate the membership of any members, TCH shall return the assets which such members has provided for the Clearing of TCH, including the remaining benefits therefore after deduction of debts as well as damages and penalty that the member owes to TCH, within the period prescribed by TCH.



As at December 31, 2018 and 2017, assets for clearing system protection and benefits consist of:

	(Unit : Thousand Baht)					
	Consolidated Financial Statements				Total	
	Securities Deposit and benefits		Clearing fund and benefits		2018	2017
	2018	2017	2018	2017		
Investments managed by TCH	673,494	753,295	-	-	673,494	753,295
Investments managed by private fund						
Savings accounts	486	698	2,535	846	3,021	1,544
Trading Securities	200,975	200,595	1,092,175	926,700	1,293,150	1,127,295
	874,955	954,588	1,094,710	927,546	1,969,665	1,882,134
Accrued interest receivable	352	639	1,773	2,259	2,125	2,898
Other assets	59	74	10,700	17,291	10,759	17,365
	875,366	955,301	1,107,183	947,096	1,982,549	1,902,397

**(Unit : Thousand Baht)**  
**Separate**  
**Financial Statements**  
**2018                      2017**

**Clearing fund and benefits**

Contributions	100,000	100,000
Accumulated benefits	44,156	42,510
	<u>144,156</u>	<u>142,510</u>

**Investments managed by TCH**

For the year ended December 31, 2018, savings accounts carried interest rates at rates ranging from 0.375% - 1.00% per annum (2017: from 0.375% - 1.00% per annum).

**Investments managed by private fund**

Investments in private fund are managed by 1 asset management company (2017: 1 asset management 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 December 31, 2018, the investment in private fund have return rates ranging from 1.42% - 1.43% per annum (2017: from 2.02% - 2.04% per annum).

As at December 31, 2018 and 2017, assets for clearing system protection and benefits payable consist of:

	<b>(Unit : Thousand Baht)</b>	
	<b>Consolidated</b>	
	<b>Financial Statements</b>	
	<b>2018</b>	<b>2017</b>
<b>Securities Deposit and benefits</b>		
Contributions	871,528	951,220
Benefits (semi-annually distribute to members)	3,838	4,081
	<u>875,366</u>	<u>955,301</u>
<b>Clearing fund and benefits</b>		
Contributions	847,572	699,554
Accumulated benefits	115,455	105,032
	<u>963,027</u>	<u>804,586</u>
	<u><u>1,838,393</u></u>	<u><u>1,759,887</u></u>

#### **19. 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 January 14, 2015 and April 27, 2016, SET's Board of Governors 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 December 31, 2018, the reserve fund for clearing and settlement was Baht 5,328.58 million (2017 : Baht 5,124.32 million).

As at December 31, 2018 and 2017, reserve fund for clearing and settlement consist of:

	<b>(Unit : Thousand Baht)</b>	
	<b>Consolidated</b>	
	<b>Financial Statements</b>	
	<b>2018</b>	<b>2017</b>
<b>Investments managed by private fund</b>		
Savings accounts	10,633	1,165
Trading Securities	5,293,794	5,110,622
	<u>5,304,427</u>	<u>5,111,787</u>
Accrued interest income	10,401	11,710
Other assets	13,748	823
	<u><u>5,328,576</u></u>	<u><u>5,124,320</u></u>

Investments in private fund are managed by 2 asset management companies (2017: 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 December 31, 2018, the investments in private fund have return rates ranging from 1.39% - 1.40% per annum (2017: from 1.53% - 1.68% per annum).

## 20. DEFERRED INCOME TAXES

Statement of financial position shows the balance as follows:

	<b>Consolidated Financial Statements</b>		<b>(Unit : Thousand Baht) Separate Financial Statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
As at December 31,				
Deferred tax assets	139,821	2,356	137,655	-
Deferred tax liabilities	-	(85,135)	-	(83,807)
Deferred tax, net	<u>139,821</u>	<u>(82,779)</u>	<u>137,655</u>	<u>(83,807)</u>

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

### Deferred tax assets:

	<b>Consolidated Financial Statements</b>		<b>(Unit : Thousand Baht) Separate Financial Statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Opening balance	89,789	55,527	87,433	53,481
Tax charged to revenues over expenses	46,508	4,817	46,695	4,507
Tax charged relation to components of other comprehensive revenues and expenses	13,387	29,445	13,387	29,445
Closing balance	<u>149,684</u>	<u>89,789</u>	<u>147,515</u>	<u>87,433</u>

### Deferred tax liabilities:

	<b>Consolidated Financial Statements</b>		<b>(Unit : Thousand Baht) Separate Financial Statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Opening balance	172,568	97,889	171,240	98,165
Tax charged/(credited) to revenues over expenses	(5,395)	7,143	(4,070)	5,539
Tax charged/(credited) relation to components of other comprehensive revenues and expenses	(151,806)	67,536	(151,806)	67,536
Adjustments in SIPF's fund balances	(5,504)	-	(5,504)	-
Closing balance	<u>9,863</u>	<u>172,568</u>	<u>9,860</u>	<u>171,240</u>
<b>Deferred tax assets (liabilities), net</b>	<u>139,821</u>	<u>(82,779)</u>	<u>137,655</u>	<u>(83,807)</u>

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

(Unit : Thousand Baht)						
Consolidated Financial Statements						
	Allowance for doubtful accounts	Unrealised gain on revaluation of investments	Difference on useful life of assets	Employee benefits obligation from accumulated annual leave	Employee benefits obligation	Total
Deferred tax assets						
As at January 1, 2017	3,031	-	-	4,844	47,652	55,527
Tax charged/ (credited) to to revenues over expenses	(5)	-	-	383	4,439	4,817
Tax charged relation to components of other comprehensive revenue and expenses	-	-	-	-	29,445	29,445
As at December 31, 2017	3,026	-	-	5,227	81,536	89,789
Tax charged/ (credited) to revenues over expenses	-	789	39,316	(66)	6,469	46,508
Tax charged to components of other comprehensive revenues and expenses	-	13,387	-	-	-	13,387
As at December 31, 2018	3,026	14,176	39,316	5,161	88,005	149,684

(Unit : Thousand Baht)				
Consolidated Financial Statements				
	Unrealised gain on revaluation of available-for- sale securities	Unrealised gain on revaluation of trading securities	Adjustments in SIPP's fund balances	Total
<b>Deferred tax liabilities</b>				
As at January 1, 2017	97,382	507	-	97,889
Tax charged to revenues over expenses	-	7,143	-	7,143
Tax charged to components of other comprehensive revenues over expenses	67,536	-	-	67,536
As at December 31, 2017	164,918	7,650	-	172,568
Tax (credited) to revenues over expenses	-	(5,395)	-	(5,395)
Tax (credited) to components of other comprehensive revenues over expenses	(151,806)	-	(5,504)	(157,310)
As at December 31, 2018	13,112	2,255	(5,504)	9,863

(Unit : Thousand Baht)

	Separate Financial Statements					
	Allowance for doubtful accounts	Unrealised gain on revaluation of investments	Difference on useful life of assets	Employee benefits obligation from accumulated annual leave	Employee benefits obligation	Total
<b>Deferred tax assets</b>						
As at January 1, 2017	1,005	-	-	4,824	47,652	53,481
Tax charged to						
to revenues over expenses	-	-	-	359	4,148	4,507
Tax charged relation to components of other comprehensive revenue and expenses	-	-	-	-	29,445	29,445
As at December 31, 2017	1,005	-	-	5,183	81,245	87,433
Tax charged/ (credited)						
to revenues over expenses	-	641	39,316	(21)	6,759	46,695
Tax charged to components of other comprehensive revenues and expenses	-	13,387	-	-	-	13,387
As at December 31, 2018	1,005	14,028	39,316	5,162	88,004	147,515

(Unit : Thousand Baht)

	Separate Financial Statements			
	Unrealised gain on revaluation of available-for-sale securities	Unrealised gain on revaluation of trading securities	Adjustments in SIPF's fund balances	Total
<b>Deferred tax liabilities</b>				
As at January 1, 2017	97,382	783	-	98,165
Tax charged to revenues over expenses	-	5,539	-	5,539
Tax charged to components of other comprehensive revenues over expenses	67,536	-	-	67,536
As at December 31, 2017	164,918	6,322	-	171,240
Tax (credited) to revenues over expenses	-	(4,070)	-	(4,070)
Tax (credited) to components of other comprehensive revenues over expenses	(151,806)	-	(5,504)	(157,310)
As at December 31, 2018	13,112	2,252	(5,504)	9,860

## 21. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

		(Unit : Thousand Baht)			
		Consolidated Financial Statements		Separate Financial Statements	
	Note	2018	2017	2018	2017
<b>Accounts payable</b>					
Subsidiaries	7	-	-	124	755
Joint venture entity	7	6,746	32	6,746	32
Other parties		62,809	103,739	59,470	103,239
		<u>69,555</u>	<u>103,771</u>	<u>66,340</u>	<u>104,026</u>
<b>Accrued expenses</b>					
Subsidiaries	7	-	-	184	17,669
Joint venture entity	7	-	16,450	-	16,450
Other parties		1,070,267	907,392	1,033,558	875,983
		<u>1,070,267</u>	<u>923,842</u>	<u>1,033,742</u>	<u>910,102</u>
		<u>1,139,822</u>	<u>1,027,613</u>	<u>1,100,082</u>	<u>1,014,128</u>

## 22. OTHER CURRENT LIABILITIES

		(Unit : Thousand Baht)			
		Consolidated Financial Statements		Separate Financial Statements	
		2018	2017	2018	2017
Dividend payable from registrar services to investors (see Note 11)		84,042	78,151	-	-
Financial benefits payable		69,086	67,683	-	-
Other retention payables		36,854	32,931	36,850	32,928
Withholding tax payable		34,417	25,703	10,624	9,638
Employee benefits obligation from accumulated annual leave		25,810	26,139	25,810	25,917
Value added tax payable		21,652	14,256	21,652	5,967
Ngoen-Thong-khong-Mee-Kha Fund		11,576	11,576	11,576	11,576
Current portion of employee benefits obligation (see Note 23)		3,699	6,360	3,699	4,908
Other payable from purchase of investments		-	20,088	-	20,088
Others		27,119	18,238	20,345	13,578
		<u>314,255</u>	<u>301,125</u>	<u>130,556</u>	<u>124,600</u>

## 23. EMPLOYEE BENEFITS OBLIGATION

	<b>Consolidated</b>		<b>(Unit : Thousand Baht)</b>	
	<b>Financial Statements</b>		<b>Separate</b>	
	<b>2018</b>	<b>2017</b>	<b>Financial Statements</b>	<b>2017</b>
<b>Statement of financial position</b>				
<b>Provision to be settled within 1 year</b>				
Retirement benefits (see Note 22)	3,699	6,360	3,699	4,908
	<u>3,699</u>	<u>6,360</u>	<u>3,699</u>	<u>4,908</u>
<b>Provision to be settled after 1 year</b>				
Retirement benefits	407,020	372,705	407,020	372,705
Other benefits	29,301	28,613	29,301	28,613
	<u>436,321</u>	<u>401,318</u>	<u>436,321</u>	<u>401,318</u>
	<u>440,020</u>	<u>407,678</u>	<u>440,020</u>	<u>406,226</u>
<b>Expenses charge included in the statement of revenues and expenses</b>				
Retirement benefits	48,390	24,965	48,390	23,033
Other benefits	2,618	257	2,618	257
	<u>51,008</u>	<u>25,222</u>	<u>51,008</u>	<u>23,290</u>

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

	<b>Consolidated</b>		<b>(Unit : Thousand Baht)</b>	
	<b>Financial Statements</b>		<b>Separate</b>	
	<b>2018</b>	<b>2017</b>	<b>Financial Statements</b>	<b>2017</b>
<b>Present value of obligations</b>				
Retirement benefits	410,719	379,065	410,719	377,613
Other benefits	29,301	28,613	29,301	28,613
<b>Liabilities in the statement of financial position</b>	<u>440,020</u>	<u>407,678</u>	<u>440,020</u>	<u>406,226</u>

The movement in the defined benefit obligation during the years is as follows:

	<b>Consolidated Financial Statements</b>		<b>(Unit : Thousand Baht) Separate Financial Statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
As at January 1,	407,678	238,263	406,226	238,263
Current service costs	40,029	19,659	40,029	17,734
Interest costs	10,979	8,498	10,979	8,491
Gain from remeasurements of other benefits	-	(2,935)	-	(2,935)
Remeasurements:				
Loss from change in demographic assumptions	-	9,559	-	9,559
Loss from change in financial assumptions	-	93,582	-	93,582
Loss from experience	-	44,086	-	44,086
	<u>458,686</u>	<u>410,712</u>	<u>457,234</u>	<u>408,780</u>
<u>Less</u> Benefits paid	(18,666)	(3,034)	(18,568)	(2,554)
<u>Add</u> Transfer of employees from a subsidiary	-	-	1,354	-
As at December 31,	<u>440,020</u>	<u>407,678</u>	<u>440,020</u>	<u>406,226</u>
<u>Less</u> Current portion within 1 year (see Note 22)	(3,699)	(6,360)	(3,699)	(4,908)
Total non-current portion	<u>436,321</u>	<u>401,318</u>	<u>436,321</u>	<u>401,318</u>

For the years ended December 31, 2018 and 2017, the amounts recognised in the statement of comprehensive revenues and expense are as follows:

	<b>Consolidated Financial Statements</b>		<b>(Unit : Thousand Baht) Separate Financial Statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Current service costs	40,029	19,659	40,029	17,734
Interest costs	10,979	8,498	10,979	8,491
Gain from remeasurements of other benefits	-	(2,935)	-	(2,935)
	<u>51,008</u>	<u>25,222</u>	<u>51,008</u>	<u>23,290</u>

For the years ended December 31, 2018 and 2017, the principal actuarial assumptions used were as follows:

	<b>2018</b>	<b>2017</b>
Discount rate as of December 31,	2.75%	2.75%
Salary increase rate - permanent employees	6.50%	6.50%
Salary increase rate - contract employees	6.50%	6.50%
Average turnover rate	0.00 % - 13.00%	0.00 % - 13.00%
Pre-retirement mortality rate	75% of TMO2017	75% of TMO2017
Retirement age	60 years old	60 years old



	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
	2018	2017	2018	2017	2018	2017
Discount rate	1 %	1 %	Decrease by 12%	Decrease by 12%	Increase by 12%	Increase by 13%
Salary growth rate	1 %	1 %	Increase by 14%	Increase by 14%	Decrease by 12%	Decrease by 12%
Turnover growth rate	20 %	20 %	Decrease by 6%	Decrease by 5%	Increase by 6%	Increase by 6%

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 (2017: 20 years).

Expected maturity analysis of undiscounted retirement and other benefits:

	(Unit : Thousand Baht)			
	Consolidated Financial Statements			
	Within a year	1-5 years	Over 5 years	Total
As at December 31, 2018				
Retirement benefits	82	34,167	508,512	542,761
Other benefits	3,628	7,660	20,038	31,326
Total	<u>3,710</u>	<u>41,827</u>	<u>528,550</u>	<u>574,087</u>

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

	(Unit : Thousand Baht)			
	Separate Financial Statements			
	Within a year	1-5 years	Over 5 years	Total
As at December 31, 2018				
Retirement benefits	82	34,167	508,512	542,761
Other benefits	3,628	7,660	20,038	31,326
Total	<u>3,710</u>	<u>41,827</u>	<u>528,550</u>	<u>574,087</u>

	(Unit : Thousand Baht)			
	Separate Financial Statements			Total
	Within a year	1-5 years	Over 5 years	
As at December 31, 2017				
Retirement benefits	5,970	34,167	506,414	546,551
Other benefits	2,484	11,288	20,038	33,810
Total	<u>8,454</u>	<u>45,455</u>	<u>526,452</u>	<u>580,361</u>

On December 13, 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labor Protection Act, which is in the process of being announced in the Royal Gazette. The new Labor Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. This change is considered an amendment to post-employment benefits plan. The Group will reflect the effect of such change by recognizing past service cost as an expense in the statement of comprehensive revenues and expenses of the period in which the law is effective.

## 24. FUND BALANCES

The statement of change in the fund for the years ended December 31, 2018 and 2017 presented as part of the consolidated and separate financial statements as follows:

(Unit : Thousand Baht)

Consolidated Financial Statements								
Notes	Fund balances							Total
	Securities Clearing Reserve Fund	Derivatives Clearing Reserve Fund	Indemnity Fund	Staff Welfare Fund	Securities Investor Protection Fund	Derivatives Investor Protection Fund	General Fund	
<b>Opening balance as at January 1, 2017</b>	4,540,000	300,000	100,000	109,540	450,393	54,040	19,455,925	25,009,898
Appropriation of general fund	24.1	200,000	-	-	-	-	(200,000)	-
Other comprehensive revenues and expenses, net of tax	25	-	-	-	-	-	(118,479)	(118,479)
Revenues over expenses	25	-	-	1,130	9,215	622	1,821,622	1,832,589
<b>Closing balance as at December 31, 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>	<u>26,724,008</u>
<b>Opening balance as at January 1, 2018</b>	4,740,000	300,000	100,000	110,670	459,608	54,662	20,959,068	26,724,008
Appropriation of general fund	24.1	200,000	-	-	-	-	(200,000)	-
Appropriation of Securities Clearing Reserve Fund	24.1 and 24.2	(700,000)	700,000	-	-	-	-	-
Other comprehensive revenues and expenses, net of tax (see Note 25)	25	-	-	-	-	-	485	485
Revenues over expenses	25	-	-	1,404	9,937	686	1,942,886	1,954,913
<b>Closing balance as at December 31, 2018</b>	<u>4,240,000</u>	<u>1,000,000</u>	<u>100,000</u>	<u>112,074</u>	<u>469,545</u>	<u>55,348</u>	<u>22,702,439</u>	<u>28,679,406</u>

(Unit : Thousand Baht)

		Separate Financial Statements						
		Fund balances						
	Notes	Securities Clearing Reserve Fund	Derivatives Clearing Reserve Fund	Indemnity Fund	Staff Welfare Fund	Securities Investor Protection Fund	General Fund	Total
<b>Opening balance as at January 1, 2017</b>		4,540,000	300,000	100,000	109,540	450,393	18,202,463	23,702,396
Appropriation of general fund	24.1	200,000	-	-	-	-	(200,000)	-
Other comprehensive revenues and expenses, net of tax	25	-	-	-	-	-	(117,782)	(117,782)
Revenues over expenses	25	-	-	-	1,130	9,215	1,413,192	1,423,537
<b>Closing balance as at December 31, 2017</b>		<u>4,740,000</u>	<u>300,000</u>	<u>100,000</u>	<u>110,670</u>	<u>459,608</u>	<u>19,297,873</u>	<u>25,008,151</u>
<b>Opening balance as at January 1, 2018</b>		4,740,000	300,000	100,000	110,670	459,608	19,297,873	25,008,151
Appropriation of general fund	24.1	200,000	-	-	-	-	(200,000)	-
Appropriation of Securities Clearing Reserve Fund	24.1 and 24.2	(700,000)	700,000	-	-	-	-	-
Revenues over expenses	25	-	-	-	1,404	9,937	1,301,940	1,313,281
<b>Closing balance as at December 31, 2018</b>		<u>4,240,000</u>	<u>1,000,000</u>	<u>100,000</u>	<u>112,074</u>	<u>469,545</u>	<u>20,399,813</u>	<u>26,321,432</u>

**Details of fund balances are as follows:**

**24.1 Securities Clearing Reserve Fund**

In 1997 and 2013, the Board of Governors of SET approved an appropriation of general funds of Baht 2,000 million and Baht 500 million, respectively, totalling Baht 2,500 million to the Securities Clearing Reserve Fund, which is operated by a subsidiary of SET, in order to resolve liquidity risk in the event of default on clearing and settlement from securities trading on SET.

In 2015, the Board of Governors of SET approved an appropriation of general funds to the Securities Clearing Reserve Fund from 2015 - 2019, totalling Baht 2,640 million, starting from 2015 of Baht 1,840 million and in the following years of Baht 200 million per year.

In 2018, the Board of Governors of SET approved an appropriation of the Securities Clearing Reserve Fund to Derivatives Clearing Reserve Fund of Baht 700 million, in order for the clearing house to have sufficient funds in both markets.

**24.2 Derivatives Clearing Reserve Fund**

In 2004, the Board of Governors of 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.

In 2018, Derivatives Clearing Reserve Fund has been allocated from Securities Clearing Reserve Fund of Baht 700 million according to the resolution of the Board of Governors of SET, in order for the clearing house to have sufficient funds in both markets.

**24.3 Indemnity Fund**

In 1993 and 2002, the Board of Governors of 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 SET and those appointed assignees on matters requiring consideration and decisions which may affect or cause damages to other parties.

**24.4 Staff Welfare Fund**

In 1997 and 2004, the Board of Governors of 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.

#### **24.5 Securities Investor Protection Fund**

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

The SIPF was formally established under SIPF regulations on October 1, 2004. The objective of the fund is to protect and build investor confidence in trading listed securities on SET through the members of the SIPF. As at December 31, 2018, there were 34 SIPF members from securities companies (2017: 34 SIPF members).

The assets of SIPF consist of:

- 1) the initial fund from 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.

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 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.

#### **24.6 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 November 15, 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 December 31, 2018, there were 37 DIPF members from security companies (2017: 37 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 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. FINANCIAL POSITION AND RESULTS OF FUND OPERATIONS

### 25.1 Financial position of fund

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

	<b>(Unit : Thousand Baht)</b>	
	<b>Consolidated and Separate</b>	
	<b>Financial Statements</b>	
	<b>2018</b>	<b>2017</b>
<b>Assets</b>		
Current assets		
Cash deposits and short-term investments	325,128	390,411
Accrued interest receivable	3,530	4,257
Other current asset	389	412
Total current assets	<u>329,047</u>	<u>395,080</u>
Non-current assets		
Long-term investments	<u>469,426</u>	<u>394,630</u>
Total non-current assets	<u>469,426</u>	<u>394,630</u>
<b>Total assets</b>	<u><u>798,473</u></u>	<u><u>789,710</u></u>
<b>Liabilities and fund balances</b>		
Liabilities of members portion		
Contributions from members	226,628	218,926
Benefits on contributions from members	<u>96,219</u>	<u>94,449</u>
Total liabilities of members portion	<u>322,847</u>	<u>313,375</u>
Fund balances		
Initial fund	300,000	300,000
Benefits on contributions from SET	<u>169,545</u>	<u>159,608</u>
	<u>469,545</u>	<u>459,608</u>
Other components	<u>6,081</u>	<u>16,727</u>
Total fund balances	<u>475,626</u>	<u>476,335</u>
<b>Total liabilities and fund balances</b>	<u><u>798,473</u></u>	<u><u>789,710</u></u>

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

	<b>(Unit : Thousand Baht)</b>	
	<b>Consolidated</b>	
	<b>Financial Statements</b>	
	<b>2018</b>	<b>2017</b>
<b>Assets</b>		
Current assets		
Cash deposits and short-term investments	54,587	74,039
Contributions from members	851	599
Accrued interest receivable	485	629
Total current assets	<u>55,923</u>	<u>75,267</u>
Non-current assets		
Long-term investments	<u>48,227</u>	<u>16,219</u>
Total non-current assets	<u>48,227</u>	<u>16,219</u>
<b>Total assets</b>	<u><b>104,150</b></u>	<u><b>91,486</b></u>
<b>Liabilities and fund balances</b>		
Current liabilities		
Income tax payable	<u>293</u>	<u>234</u>
Total current liabilities	<u>293</u>	<u>234</u>
Non-current liabilities		
Contributions from members	46,634	35,243
Benefits on contributions from members	<u>1,875</u>	<u>1,347</u>
Total non-current liabilities	<u>48,509</u>	<u>36,590</u>
Total liabilities	<u>48,802</u>	<u>36,824</u>
Fund balances		
Initial fund	50,000	50,000
Benefits on contributions from TFEX	<u>5,348</u>	<u>4,662</u>
Total fund balances	<u>55,348</u>	<u>54,662</u>
<b>Total liabilities and fund balances</b>	<u><b>104,150</b></u>	<u><b>91,486</b></u>



## 25.2 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 : Thousand Baht)					
Consolidated Financial Statements					
	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 December 31, 2018</b>					
<b>Revenues</b>					
Operating revenues	-	-	-	5,722,355	5,722,355
Investment income, net	1,404	12,487	952	584,781	599,624
Other income	-	-	-	278,629	278,629
<b>Total revenues</b>	<u>1,404</u>	<u>12,487</u>	<u>952</u>	<u>6,585,765</u>	<u>6,600,608</u>
<b>Expenses</b>					
Operating expenses	-	117	89	3,978,085	3,978,291
Contributions to the Stock Exchange of Thailand Foundation	-	-	-	186,132	186,132
Income tax expense	-	2,433	177	478,662	481,272
<b>Total expenses</b>	<u>-</u>	<u>2,550</u>	<u>266</u>	<u>4,642,879</u>	<u>4,645,695</u>
<b>Revenues over expenses</b>	1,404	9,937	686	1,942,886	1,954,913
<b>Other comprehensive revenues and expense</b>					
Items that will be reclassified subsequently to revenues and expenses					
Share of profit of investments in associates	-	-	-	(103)	(103)
Change in value of available-for-sale investments managed by SET	-	-	-	(825,957)	(825,957)
Change in value of available-for-sale investments from Securities Investor Protection Fund	-	(10,646)	-	-	(10,646)
Income tax relating to items that will be reclassified subsequently to revenues and expenses	-	5,504	-	166,221	171,725
<b>Total items that will be reclassified subsequently to revenues and expenses</b>	<u>-</u>	<u>(5,142)</u>	<u>-</u>	<u>(659,839)</u>	<u>(664,981)</u>
Items that will not be reclassified subsequently to revenues and expenses					
Remeasurements of post-employment benefits obligations	-	-	-	606	606
Income tax relating to items that will not be reclassified subsequently to revenues and expenses	-	-	-	(121)	(121)
<b>Total items that will not be reclassified to revenues and expenses</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>485</u>	<u>485</u>
<b>Total comprehensive revenues and expenses</b>	<u>1,404</u>	<u>4,795</u>	<u>686</u>	<u>1,283,532</u>	<u>1,290,417</u>
<b>Total comprehensive revenues and expenses for the years attributable to:</b>					
Owners of the parents	1,404	4,795	686	1,283,533	1,290,418
Non - controlling interests	-	-	-	(1)	(1)
	<u>1,404</u>	<u>4,795</u>	<u>686</u>	<u>1,283,532</u>	<u>1,290,417</u>

(Unit : Thousand Baht)

Consolidated Financial Statements					
	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 December 31, 2017</b>					
<b>Revenues</b>					
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
<b>Total revenues</b>	<b>1,130</b>	<b>11,657</b>	<b>888</b>	<b>6,364,282</b>	<b>6,377,957</b>
<b>Expenses</b>					
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
<b>Total expenses</b>	<b>-</b>	<b>2,442</b>	<b>266</b>	<b>4,542,660</b>	<b>4,545,368</b>
<b>Revenues over expenses</b>	<b>1,130</b>	<b>9,215</b>	<b>622</b>	<b>1,821,622</b>	<b>1,832,589</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	-	-	-	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)
<b>Total items that will be reclassified subsequently to revenues and expenses</b>	<b>-</b>	<b>6,350</b>	<b>-</b>	<b>256,724</b>	<b>263,074</b>
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
<b>Total items that will not be reclassified to revenues and expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(118,479)</b>	<b>(118,479)</b>
<b>Total comprehensive revenues and expenses</b>	<b>1,130</b>	<b>15,565</b>	<b>622</b>	<b>1,959,867</b>	<b>1,977,184</b>
<b>Total comprehensive revenues and expenses</b>					
<b>for the years attributable to:</b>					
Owners of the parents	1,130	15,565	622	1,959,867	1,977,184
Non - controlling interests	-	-	-	-	-
	<b>1,130</b>	<b>15,565</b>	<b>622</b>	<b>1,959,867</b>	<b>1,977,184</b>

(Unit : Thousand Baht)

	Separate Financial Statements				Total
	Staff Welfare Fund	Securities Investor Protection Fund (SET's portion)	Derivatives Investor Protection Fund (TFEX's portion)	General Fund	
For the year ended December 31, 2018					
Revenues					
Operating revenues	-	-	-	2,601,316	2,601,316
Investment income, net	1,404	12,487	-	860,726	874,617
Other income	-	-	-	1,901,827	1,901,827
Total revenues	1,404	12,487	-	5,363,869	5,377,760
Expenses					
Operating expenses	-	117	-	3,639,511	3,639,628
Contributions to the Stock Exchange of Thailand Foundation	-	-	-	186,132	186,132
Income tax expense	-	2,433	-	236,286	238,719
Total expenses	-	2,550	-	4,061,929	4,064,479
Revenues over expenses	1,404	9,937	-	1,301,940	1,313,281
Other comprehensive revenues and expense					
Items that will be reclassified subsequently to revenues and expenses					
Change in value of available-for-sale investments managed by SET	-	-	-	(825,957)	(825,957)
Change in value of available-for-sale investments from Securities Investor Protection Fund	-	(10,646)	-	-	(10,646)
Income tax relating to items that will be reclassified subsequently to revenues and expenses	-	5,504	-	165,194	170,698
Total items that will be reclassified subsequently to revenues and expenses	-	(5,142)	-	(660,763)	(665,905)
Items that will not be reclassified subsequently to revenues and expenses					
Remeasurements of post-employment benefits obligations	-	-	-	-	-
Income tax relating to items that will not be reclassified subsequently to revenues and expenses	-	-	-	-	-
Total items that will not be reclassified to revenues and expenses	-	-	-	-	-
Total comprehensive revenues and expenses	1,404	4,795	-	641,177	647,376
Total comprehensive revenues and expenses for the years attributable to:					
Owners of the parents	1,404	4,795	-	641,177	647,376
Non - controlling interests	-	-	-	-	-
	1,404	4,795	-	641,177	647,376

(Unit : Thousand Baht)

	Separate Financial Statements				
		Securities Investor Protection Fund (SET's portion)	Derivatives Investor Protection Fund (TFEX's portion)	General Fund	Total
	Staff Welfare Fund				
<b>For the year ended December 31, 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>	<u>1,130</u>	<u>11,657</u>	<u>-</u>	<u>5,453,874</u>	<u>5,466,661</u>
<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>	<u>-</u>	<u>2,442</u>	<u>-</u>	<u>4,040,682</u>	<u>4,043,124</u>
<b>Revenues over expenses</b>	1,130	9,215	-	1,413,192	1,423,537
<b>Other comprehensive revenues and expense</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 revenues and expenses	-	(3,112)	-	(64,424)	(67,536)
<b>Total items that will be reclassified subsequently to revenues and expenses</b>	<u>-</u>	<u>6,350</u>	<u>-</u>	<u>257,699</u>	<u>264,049</u>
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 to revenues and expenses</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(117,782)</u>	<u>(117,782)</u>
<b>Total comprehensive revenues and expenses</b>	<u>1,130</u>	<u>15,565</u>	<u>-</u>	<u>1,553,109</u>	<u>1,569,804</u>
<b>Total comprehensive revenues and expenses for the years attributable to:</b>					
Owners of the parents	1,130	15,565	-	1,553,109	1,569,804
Non - controlling interests	-	-	-	-	-
	<u>1,130</u>	<u>15,565</u>	<u>-</u>	<u>1,553,109</u>	<u>1,569,804</u>

## 26. OPERATING REVENUES

	<b>Consolidated Financial Statements</b>		<b>(Unit : Thousand Baht) Separate Financial Statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Trading fees	1,922,481	1,554,446	1,413,007	1,222,775
Stock registrar fees	1,120,937	1,064,660	-	-
Listing fees	642,945	576,285	642,945	576,285
Clearing fees	603,948	480,707	-	-
Member services fees	450,959	426,339	-	-
Information service fees	345,656	342,501	310,101	297,635
Depository fees	341,204	321,834	-	-
Customisation and IT support fees	199,656	149,942	199,005	149,510
Membership fees	79,940	87,676	36,258	35,770
Fund services fees	14,629	2,250	-	-
	<u>5,722,355</u>	<u>5,006,640</u>	<u>2,601,316</u>	<u>2,281,975</u>

## 27. INVESTMENT INCOME, NET

	<b>Notes</b>	<b>Consolidated Financial Statements</b>		<b>(Unit : Thousand Baht) Separate Financial Statements</b>	
		<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Interest income		417,033	360,879	208,939	230,486
<u>Less</u> Interest expense					
Short-term borrowings					
from subsidiaries	7	-	-	(51,360)	(40,957)
Assets for clearing					
system protection -					
members' portion		(211,527)	(161,289)	-	-
Interest income, net		<u>205,506</u>	<u>199,590</u>	<u>157,579</u>	<u>189,529</u>
Dividend income from					
Mutual funds		208,304	207,821	208,304	207,821
Subsidiaries	12	-	-	305,901	278,294
Associates	13	-	-	12,595	9,446
Joint venture entity	13	-	-	2,047	4,555
Private fund		25	18	14	10
Other entities		2,668	7,805	2,668	7,805
Realised gain from investments		206,316	595,693	202,290	585,103
Unrealised gain (loss) from					
trading investments		(30,918)	12,912	(23,552)	4,892
Gain (loss) on exchange rate					
from foreign investments		(5,527)	10,262	(5,527)	10,262
Others		(189)	10,918	(189)	10,918
		<u>586,185</u>	<u>1,045,019</u>	<u>862,130</u>	<u>1,308,635</u>

## 28. OTHER INCOME

	<b>Consolidated Financial Statements</b>		<b>(Unit : Thousand Baht) Separate Financial Statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Educational activities income	72,604	75,001	72,604	75,001
Fines	58,647	14,126	52,743	10,929
Revenues from fees and management funds	41,821	28,368	770	-
Revenues from marketing event	24,266	53,313	24,266	53,313
Service income from related parties (see Note 7)	17,487	17,875	1,726,081	1,654,400
Rental & utilities revenue	16,403	16,692	16,403	16,692
Gain on sales of assets	-	32,971	-	32,938
Transfer rights of membership	-	10,000	-	10,000
Other income	38,771	31,257	8,960	11,121
	<u>269,999</u>	<u>279,603</u>	<u>1,901,827</u>	<u>1,864,394</u>

## 29. EMPLOYEE BENEFIT EXPENSES

	<b>Consolidated Financial Statements</b>		<b>(Unit : Thousand Baht) Separate Financial Statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Management</b>				
Salaries and other benefits	211,189	137,695	211,189	137,695
Contributions to provident fund	9,744	9,635	9,744	9,635
	<u>220,933</u>	<u>147,330</u>	<u>220,933</u>	<u>147,330</u>
<b>Other employees</b>				
Salaries and other benefits	1,397,436	1,355,769	1,397,256	1,316,637
Contributions to provident fund	69,383	65,987	69,366	63,670
	<u>1,466,819</u>	<u>1,421,756</u>	<u>1,466,622</u>	<u>1,380,307</u>
	<u>1,687,752</u>	<u>1,569,086</u>	<u>1,687,555</u>	<u>1,527,637</u>

The defined contribution plans comprise provident funds established by the Group for its employees. 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.

### 30. SEC FEES

The Securities and Exchange Act B.E. 2535 (1992) requires 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.
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, Board of Governors of SET 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) B.E. 2559 (2016), effective from December 12, 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.

### 31. OTHER EXPENSES

	<b>Consolidated</b>		<b>(Unit : Thousand Baht)</b>	
	<b>Financial Statements</b>		<b>Separate</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Fees and compensation expenses	99,166	86,757	84,100	116,276
Travelling and vehicle expenses	36,524	38,562	35,331	36,650
Contributions for capital market expenses	23,969	28,913	23,941	28,913
Institution membership fees	5,160	4,948	3,898	3,864
Entertainment expenses	2,850	1,896	2,799	1,895
Meeting expenses	2,755	3,664	2,586	3,586
Other expenses	11,848	14,608	11,591	8,350
	<u>182,272</u>	<u>179,348</u>	<u>164,246</u>	<u>199,534</u>

### 32. INCOME TAX EXPENSE

	<b>Consolidated</b>		<b>(Unit : Thousand Baht)</b>	
	<b>Financial Statements</b>		<b>Separate</b>	
	<b>2018</b>	<b>2017</b>	<b>Financial Statements</b>	<b>2017</b>
<b>Current income tax</b>				
Current income tax	530,565	501,403	287,051	333,992
Total current income tax	<u>530,565</u>	<u>501,403</u>	<u>287,051</u>	<u>333,992</u>
<b>Deferred income tax</b>				
Origination and reversal of temporary differences	(51,903)	2,326	(50,765)	1,032
Total deferred income tax	<u>(51,903)</u>	<u>2,326</u>	<u>(50,765)</u>	<u>1,032</u>
Total income tax	<u>478,662</u>	<u>503,729</u>	<u>236,286</u>	<u>335,024</u>

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

	<b>Consolidated</b>		<b>(Unit : Thousand Baht)</b>	
	<b>Financial Statements</b>		<b>Separate</b>	
	<b>2018</b>	<b>2017</b>	<b>Financial Statements</b>	<b>2017</b>
Revenues over expenses before income tax expense	<u>2,433,575</u>	<u>2,336,318</u>	<u>1,549,567</u>	<u>1,758,561</u>
Tax calculated at a tax rate of 20% (2017: 20%)	486,715	467,264	309,913	351,712
Income tax from the previous year	(1,542)	-	(1,720)	-
Assessed income under Revenue Code	1,941	-	-	-
Income not subject to tax	(77,905)	(74,260)	(77,318)	(74,260)
Expenses additional deductible for tax purposes	(2,656)	(2,995)	(2,656)	(2,995)
Expenses not deductible for tax purposes	44,672	64,058	42,874	62,410
Eliminated transaction between related party, net of income tax	62,382	51,629	-	-
Revenues over expenses - Securities/Derivatives Investor Protection Fund, net of income tax	(3,364)	(1,967)	(3,226)	(1,843)
Tax credit recognized during the year	<u>(31,581)</u>	<u>-</u>	<u>(31,581)</u>	<u>-</u>
Income tax	<u>478,662</u>	<u>503,729</u>	<u>236,286</u>	<u>335,024</u>
The weight average applicable tax rate (%)	19.67	21.56	15.25	19.05



### 33. COMMITMENTS WITH NON-RELATED PARTIES

	<b>Consolidated</b>		<b>(Unit : Thousand Baht)</b>	
	<b>Financial Statements</b>		<b>Separate</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Capital commitments</b>				
Software	4,736	-	4,736	-
Buildings and other constructions	1,081	103,866	1,081	103,866
Computer	-	50,931	-	50,931
	<u>5,817</u>	<u>154,797</u>	<u>5,817</u>	<u>154,797</u>
<b>Non-cancellable operating lease commitments</b>				
Within one year	17,502	14,515	17,502	14,515
After one year but within five years	35,757	26,908	35,757	26,908
	<u>53,259</u>	<u>41,423</u>	<u>53,259</u>	<u>41,423</u>
<b>System and building maintenance commitments</b>				
Within one year	139,603	222,347	139,603	222,347
After one year but within five years	56,373	95,760	56,373	95,760
	<u>195,976</u>	<u>318,107</u>	<u>195,976</u>	<u>318,107</u>

### 34. FAIR VALUE

#### 34.1 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, market prices) or indirectly (that is, derived from market 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 December 31, 2018 and 2017.

(Unit : Thousand Baht)				
Consolidated Financial Statements				
2018				
	Level 1	Level 2	Level 3	Total
Trading securities	-	10,035,852	-	10,035,852
Available-for-sales	666,596	10,798,050	-	11,464,646
<b>Total</b>	<u>666,596</u>	<u>20,833,902</u>	<u>-</u>	<u>21,500,498</u>

(Unit : Thousand Baht)				
Consolidated Financial Statements				
2017				
	Level 1	Level 2	Level 3	Total
Trading securities	-	9,589,519	-	9,589,519
Available-for-sales	1,190,134	6,742,158	-	7,932,292
<b>Total</b>	<u>1,190,134</u>	<u>16,331,677</u>	<u>-</u>	<u>17,521,811</u>

(Unit : Thousand Baht)				
Separate Financial Statements				
2018				
	Level 1	Level 2	Level 3	Total
Trading securities	-	3,448,908	-	3,448,908
Available-for-sales	666,596	10,798,050	-	11,464,646
<b>Total</b>	<u>666,596</u>	<u>14,246,958</u>	<u>-</u>	<u>14,913,554</u>

(Unit : Thousand Baht)				
Separate Financial Statements				
2017				
	Level 1	Level 2	Level 3	Total
Trading securities	-	3,351,602	-	3,351,602
Available-for-sales	1,190,134	6,742,158	-	7,932,292
<b>Total</b>	<u>1,190,134</u>	<u>10,093,760</u>	<u>-</u>	<u>11,283,894</u>

The following table present the Group's financial assets and liabilities that are not measured at fair value as at December 31, 2018 and 2017.

(Unit : Thousand Baht)				
Consolidated Financial Statements				
2018				
	Level 1	Level 2	Level 3	Total
Held-to-maturity debt securities	-	9,318,107	-	9,318,107
General Investment	-	-	12,361	12,361
<b>Total</b>	<u>-</u>	<u>9,318,107</u>	<u>12,361</u>	<u>9,330,468</u>

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

(Unit : Thousand Baht)				
Separate Financial Statements				
2018				
	Level 1	Level 2	Level 3	Total
Held-to-maturity debt securities	-	1,229,584	-	1,229,584
General Investment	-	-	12,361	12,361
<b>Total</b>	<b>-</b>	<b>1,229,584</b>	<b>12,361</b>	<b>1,241,945</b>

(Unit : Thousand Baht)				
Separate Financial Statements				
2017				
	Level 1	Level 2	Level 3	Total
Held-to-maturity debt securities	-	2,218,202	-	2,218,202
General Investment	-	10,047	12,361	22,408
<b>Total</b>	<b>-</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, the New York Stock Exchange (NYSE Arca), and mutual funds domiciled in Luxembourg which are AB Low Volatility and Wellington Global Quality Growth .

#### 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).

## **35. CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

### **35.1 Contingent assets**

#### **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 September 30, 2013 and November 14, 2014, respectively. The Group then filed petitions to the supreme court. As at December 31, 2018, 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 December 31, 2018 and 2017.

### **35.2 Contingent liabilities**

#### **SET**

As at December 31, 2018, SET has letters of guarantee issued by banks totalling Baht 5.13 million (2017: Baht 4.68 million) in respect of electricity usage in the ordinary course of business from which management anticipates that no material liabilities will arise.

SET has issued a letter of comfort to a bank in respect of an overdraft credit line of Baht 2,400 million (2017: 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, 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, SET is required to support TCH's operations to ensure its ability to repay the debt to the bank. As at December 31, 2018, TCH had not drawn down the overdraft credit line.

On December 26, 2017, 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 December 31, 2018, the case was on the progress of filing the statement in the appeal 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 years ended December 31, 2018 and 2017.

### 36. FINANCIAL INSTRUMENTS - FORWARD FOREIGN EXCHANGE CONTRACTS

SET has financial instruments, which their latest settlement date of forward foreign exchange contracts will be on March 25, 2019. The amount of the outstanding contracts as at December 31, 2018 and 2017 to be paid are:

	<b>Consolidated Financial Statements</b>		<b>(Unit : Thousand Baht) Separate Financial Statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
US Dollar currency	1,501,243	682,807	1,501,243	682,807

The net fair values of forward foreign exchange contracts as at December 31, were:

	<b>Consolidated Financial Statements</b>		<b>(Unit : Thousand Baht) Separate Financial Statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Forward foreign exchange contracts				
- with positive fair values	3,739	9,106	3,739	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.

### 37. EVENTS OCCURING AFTER THE DATE OF THE FINANCIAL STATEMENTS

On January 22, 2019, one of our subsidiaries has received an accusation to compensate for the damages of which it is related to the case of the wrongful acts recalling the asset and compensation from the forgery of the share certificates. The subsidiary has been claimed for the amount of Baht 76.23 million. According to the fact, the case is on the process of filing the statement of the defendant in the civil court. As a result, the subsidiary does not record any transaction in relation to the above case in the 2018 financial statements.

The Group has purchased an insurance on coverage for professional liability (Financial Institutional Professional Indemnity Insurance) which has fully covered the liability for this case.

### 38. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved for issuance by the Stock Exchange's Board of Governors on February 20, 2019.