

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

**CONSOLIDATED AND ENTITY FINANCIAL STATEMENTS**

**31 DECEMBER 2010**

## AUDITOR'S REPORT

To the Members of The Stock Exchange of Thailand

I have audited the accompanying consolidated and entity balance sheet as at 31 December 2010, and the related consolidated and entity statements of revenues and expenses, changes in fund balances and cash flows for the year then ended of The Stock Exchange of Thailand and its subsidiaries and of The Stock Exchange of Thailand, respectively. The Stock Exchange of Thailand's management is responsible for the correctness and completeness of information in these financial statements. My responsibility is to express an opinion on these financial statements based on my audit. The financial statements for the year ended 31 December 2009 of The Stock Exchange of Thailand, presented herewith for comparative purposes, were audited by another auditor whose report dated 18 February 2010, expressed an unqualified opinion on those financial statements.

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

In my opinion, the consolidated and entity financial statements referred to above present fairly, in all material respects, the consolidated and entity financial position as at 31 December 2010, and the consolidated and entity results of operations and cash flows for the year then ended of The Stock Exchange of Thailand and its subsidiaries and of The Stock Exchange of Thailand, respectively, in accordance with generally accepted accounting principles.



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

16 February 2011

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

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

The accompanying notes on pages 9 to 53 are an integral part of these financial statements.

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

**Balance Sheets (cont.)**

**As at 31 December 2010 and 2009**

		(Unit : Baht'000)			
		Consolidated		SET	
		financial statements			
Notes		2010	2009	2010	2009
<b>Liabilities and fund balances</b>					
<b>Current liabilities</b>					
Dividend payables		8,372	5,453	-	-
Margin deposits and benefits payables	17	3,612,015	2,835,368	-	-
Accounts payable and accrued expenses	6, 19	753,680	473,206	741,916	458,729
Fees received in advance		246,760	295,799	135,912	135,961
Income tax payable		10,319	10,826	-	-
Short-term borrowings from subsidiaries	6	-	-	530,400	565,850
Current portion of provision for employee benefits	21	7,104	8,453	7,104	8,453
Withholding tax payable		151,438	86,399	81,482	63,785
Other current liabilities	6, 20	198,351	168,593	109,353	84,571
<b>Total current liabilities</b>		<b>4,988,039</b>	<b>3,884,097</b>	<b>1,606,167</b>	<b>1,317,349</b>
<b>Non-current liabilities</b>					
Assets for clearing system protection and benefits payables	18	936,871	699,766	-	-
Contributions and benefits to Securities Investor Protection Fund	22	224,799	189,743	224,799	189,743
Provision for employee benefits	21	113,006	111,149	113,006	111,149
Other non-current liabilities		36,911	43,408	36,911	43,408
<b>Total non-current liabilities</b>		<b>1,311,587</b>	<b>1,044,066</b>	<b>374,716</b>	<b>344,300</b>
<b>Total liabilities</b>		<b>6,299,626</b>	<b>4,928,163</b>	<b>1,980,883</b>	<b>1,661,649</b>
<b>Fund balances</b>					
Funds	22	16,213,315	15,083,615	15,761,805	14,491,978
Unrealised gain on available-for-sale securities		905,430	679,739	913,491	683,955
Non-controlling interests	2	2	2	-	-
<b>Total fund balances</b>		<b>17,118,747</b>	<b>15,763,356</b>	<b>16,675,296</b>	<b>15,175,933</b>
<b>Total liabilities and fund balances</b>		<b>23,418,373</b>	<b>20,691,519</b>	<b>18,656,179</b>	<b>16,837,582</b>

The accompanying notes on pages 9 to 53 are an integral part of these financial statements.

The Stock Exchange of Thailand and its Subsidiaries

Statements of Revenues and Expenses

For the years ended 31 December 2010 and 2009

		(Unit : Baht'000)			
	Notes	Consolidated financial statements		SET	
		2010	2009	2010	2009
<b>Operating revenues</b>					
Trading fees		896,646	629,555	703,603	442,898
Clearing and depository fees		341,605	215,227	-	-
Stock registrar fees		571,827	529,843	-	-
Listing fees		241,032	234,989	241,032	234,989
Members services fees		236,236	214,705	-	-
Service income	6	32,924	1,598	1,188,909	1,027,474
Investment income, net	4, 24	867,477	875,802	1,169,774	802,910
Gain from disposal of assets		421,914	-	421,914	-
Other income	25	491,434	507,773	282,540	288,126
<b>Total operating revenues</b>		<b>4,101,095</b>	<b>3,209,492</b>	<b>4,007,772</b>	<b>2,796,397</b>
<b>Operating expenses</b>					
Employee benefit expenses	26	1,076,376	1,238,616	1,076,408	1,237,813
Director's remuneration	6	18,931	16,388	18,291	15,733
Marketing and media production expenses		102,759	196,921	102,431	153,719
Fees and compensation expenses		50,351	113,501	48,365	154,554
Educational activities expenses		200,809	43,694	200,809	38,593
Direct service expenses		166,286	134,018	-	-
Building and office expenses		136,070	125,974	135,428	123,327
Technology expenses		109,399	120,265	102,804	112,590
Contributions to the office of SEC	27	177,159	159,249	177,159	159,249
Depreciation	15	157,667	201,383	146,991	182,952
Amortisation	16	126,065	139,476	116,692	127,698
Other expenses	28	160,113	109,049	158,074	91,603
<b>Total operating expenses</b>		<b>2,481,985</b>	<b>2,598,534</b>	<b>2,283,452</b>	<b>2,397,831</b>
Share of profit of investments in jointly-controlled entity (net of income tax)	12	16,153	3,347	-	-
Share of profit of investments in associates entity (net of income tax)	13	17,305	26,346	-	-
<b>Operating revenues over operating expenses</b>		<b>1,652,568</b>	<b>640,651</b>	<b>1,724,320</b>	<b>398,566</b>
<b>Non-operating items</b>					
Income derived from Securities Investor Protection Fund, net	23	11,635	12,210	11,635	12,210
Donation and social activities contribution, net	6	(467,734)	(141,421)	(467,734)	(141,439)
<b>Revenues over expenses before income tax</b>		<b>1,196,469</b>	<b>511,440</b>	<b>1,268,221</b>	<b>269,337</b>
Income tax		(68,375)	(54,839)	-	-
<b>Revenues over expenses</b>		<b>1,128,094</b>	<b>456,601</b>	<b>1,268,221</b>	<b>269,337</b>
<b>Revenues over expenses attributable to:</b>					
Equity holders of SET		1,128,093	456,601	1,268,221	269,337
Non-controlling interests		1	-	-	-
		<b>1,128,094</b>	<b>456,601</b>	<b>1,268,221</b>	<b>269,337</b>

The accompanying notes on pages 9 to 53 are an integral part of these financial statements.

The Stock Exchange of Thailand and its Subsidiaries  
Statements of Changes in Fund Balances  
For the years ended 31 December 2010 and 2009

(Unit : Baht'000)

Consolidated financial statements											
Note	Securities Clearing Reserve Fund	Clearing and Settlement of Derivatives Market Reserve Fund	Indemnity Fund	SET Building Construction Fund	Staff Welfare Fund	Securities Investor Protection Fund	General Fund	Unrealised gain (loss) on available- for-sale securities	Total fund balances attributable to equity holders of SET	Non- controlling interests	Total fund balances
	Fund	Fund	Fund	Fund	Fund	Fund	Fund				
Balance at 1 January 2009	2,000,000	300,000	100,000	239,723	94,176	348,045	11,545,156	(434,436)	14,192,664	2	14,192,666
Adjustment for SET building construction expenses	-	-	-	(66,858)	-	-	66,858	-	-	-	-
Unrealised gain (loss) on available-for-sale securities	-	-	-	-	-	(86)	-	1,114,175	1,114,089	-	1,114,089
Revenues over expenses	23	-	-	-	1,127	12,210	443,264	-	456,601	-	456,601
Balance at 31 December 2009	2,000,000	300,000	100,000	172,865	95,303	360,169	12,055,278	679,739	15,763,354	2	15,763,356
Balance at 1 January 2010	2,000,000	300,000	100,000	172,865	95,303	360,169	12,055,278	679,739	15,763,354	2	15,763,356
Adjustment for SET building construction expenses	-	-	-	(157,441)	-	-	157,441	-	-	-	-
Unrealised gain on available-for-sale securities	-	-	-	-	-	1,606	-	225,691	227,297	-	227,297
Revenues over expenses	23	-	-	-	900	11,635	1,115,559	-	1,128,094	-	1,128,094
Balance at 31 December 2010	2,000,000	300,000	100,000	15,424	96,203	373,410	13,328,278	905,430	17,118,745	2	17,118,747

The accompanying notes on pages 9 to 53 are an integral part of these financial statements.

The Stock Exchange of Thailand and its Subsidiaries  
Statements of Changes in Fund Balances (cont.)  
For the years ended 31 December 2010 and 2009

(Unit : Baht'000)									
SET									
	Securities Clearing Reserve Fund	Clearing and Settlement of Derivatives Market Reserve Fund	Indemnity Fund	SET Building Construction Fund	Staff Welfare Fund	Securities Investor Protection Fund	General Fund	Unrealised gain (loss) on available- for-sale securities	Total fund balances
Note	Fund	Fund	Fund	Fund	Fund	Fund	Fund		
Balance at 1 January 2009	2,000,000	300,000	100,000	239,723	94,176	348,045	11,140,783	(434,736)	13,787,991
Adjustment for SET building construction expenses	-	-	-	(66,858)	-	-	66,858	-	-
Unrealised gain (loss) on available-for-sale securities	-	-	-	-	-	(86)	-	1,118,691	1,118,605
Revenues over expenses	23	-	-	-	1,127	12,210	256,000	-	269,337
Balance at 31 December 2009	2,000,000	300,000	100,000	172,865	95,303	360,169	11,463,641	683,955	15,175,933
Balance at 1 January 2010	2,000,000	300,000	100,000	172,865	95,303	360,169	11,463,641	683,955	15,175,933
Adjustment for SET building construction expenses	-	-	-	(157,441)	-	-	157,441	-	-
Unrealised gain on available-for-sale securities	-	-	-	-	-	1,606	-	229,536	231,142
Revenues over expenses	23	-	-	-	900	11,635	1,255,686	-	1,268,221
Balance at 31 December 2010	2,000,000	300,000	100,000	15,424	96,203	373,410	12,876,768	913,491	16,675,296

The accompanying notes on pages 9 to 53 are an integral part of these financial statements.

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

		(Unit : Baht'000)			
		Consolidated		SET	
		financial statements			
Notes		2010	2009	2010	2009
<b>Cash flows from operating activities</b>					
		1,196,469	511,440	1,268,221	269,337
Revenues over expenses before income tax					
Adjustments for					
Depreciation	15	157,667	201,383	146,991	182,952
Amortisation	16	126,065	139,476	116,692	127,698
Investment income, net	24	(867,477)	(875,802)	(1,169,774)	(802,910)
Income derived from Securities Investor					
Protection Fund, net	23	(11,635)	(12,210)	(11,635)	(12,210)
Loss on liquidation of subsidiary		-	-	-	384
Impairment losses of investments (reversal)		6,415	(28,311)	6,415	189
Doubtful debts expenses (reversal)		(22)	(144)	(22)	(99)
Provision for employee benefits	21	15,046	17,906	15,046	55,260
Adjust work in process to expense		(53)	-	2	-
Gain on disposals of assets		(421,884)	(3,279)	(421,914)	(3,296)
Loss from written off assets		52,843	-	52,137	-
Share of profit of investments in					
jointly-controlled entity (net of income tax)	12	(16,153)	(3,347)	-	-
Share of profit of investments in associates					
entity (net of income tax)	13	(17,305)	(26,346)	-	-
		219,976	(79,234)	2,159	(182,695)
Changes in operating assets and liabilities					
Cash at banks for dividend payables					
		(2,919)	3,360	-	-
Assets for margin deposits and benefits					
		(776,647)	(933,454)	-	-
Accounts receivable and accrued income					
		(31,055)	(14,074)	11,427	(18,160)
Other current assets					
		(141,832)	12,424	(139,039)	(11,962)
Assets for clearing system protection and benefits					
		(239,162)	(41,791)	-	-
Securities Investor Protection Fund					
		(48,003)	(56,187)	(48,003)	(56,187)
Refundable deposits					
		297	(360)	(1,759)	(118,374)
Dividend payables					
		2,919	(3,360)	-	-
Margin deposits and benefits payables					
		776,647	933,454	-	-
Accounts payable and accrued expenses					
		287,413	129,000	290,126	128,982
Fees received in advance					
		(49,039)	(42,950)	(49)	(1,652)
Withholding tax payable					
		65,039	(30,697)	17,697	(21,763)
Other current liabilities					
		29,758	73,909	24,782	65,255
Assets for clearing system protection and					
benefits payables		237,105	39,394	-	-
Contributions and benefits to Securities Investor					
Protection Fund		35,056	44,273	35,056	44,273
Employee benefits paid	21	(14,538)	(28,160)	(14,538)	(28,160)
Other non-current liabilities		(6,497)	(4,658)	(6,497)	10,925
Income tax paid		(68,520)	(49,992)	-	-
<b>Net cash provided by (used in) operating activities</b>		<b>275,998</b>	<b>(49,103)</b>	<b>171,362</b>	<b>(189,518)</b>

The accompanying notes on pages 9 to 53 are an integral part of these financial statements.



**The Stock Exchange of Thailand and its Subsidiaries**  
**Statements of Cash Flows (cont.)**  
**For the years ended 31 December 2010 and 2009**

		(Unit : Baht'000)			
		Consolidated		SET	
		financial statements			
	Notes	2010	2009	2010	2009
<b>Cash flows from investing activities</b>					
Investment income received		495,259	511,320	475,231	429,840
Dividend received		366,863	408,031	700,322	407,887
Purchase of short-term investments	8	(15,246,692)	(1,871,442)	(13,612,813)	(1,409,785)
Sale of short-term investments	8	15,129,102	1,850,048	13,154,379	1,545,104
Purchase of investments in subsidiaries	11	-	-	-	(102,700)
Purchase of investments in jointly-controlled entity	12	-	-	-	(28,500)
Purchase of investments in associates	13	-	(250,000)	-	(250,000)
Net cash received (paid) from joint ventures		-	(31,282)	-	25,000
Purchase of long-term investments	14	(3,547,734)	(5,929,890)	(3,480,734)	(5,924,890)
Sale of long-term investments	14	1,324,406	5,651,086	1,323,406	5,603,874
Purchase of plant and equipment		(274,724)	(224,584)	(274,724)	(224,584)
Sale of property and equipment		1,715,035	15,619	1,715,035	10,661
Purchase of intangible assets		(27,359)	(28,277)	(27,359)	(28,277)
Proceeds from capital reduction of subsidiary		-	-	-	9,616
Cash inflow on short-term borrowings					
from subsidiaries	6	-	-	220,000	231,000
Repayment of short-term borrowings from subsidiaries	6	-	-	(255,450)	(9,000)
Interest paid		-	(13,611)	(9,680)	(7,241)
Benefits received from Securities Investor					
Protection Fund		11,341	12,081	11,341	12,081
<b>Net cash provided by (used in) investing activities</b>		<b>(54,503)</b>	<b>99,099</b>	<b>(61,046)</b>	<b>290,086</b>
<b>Net increase in cash and cash equivalents</b>		<b>221,495</b>	<b>49,996</b>	<b>110,316</b>	<b>100,568</b>
Cash and cash equivalents at beginning of year		281,753	231,757	189,465	88,897
<b>Cash and cash equivalents at end of year</b>	<b>7</b>	<b>503,248</b>	<b>281,753</b>	<b>299,781</b>	<b>189,465</b>

**Supplemental disclosures of cash flows information**

Non-cash transactions

Unrealised gain on available-for-sale securities	225,691	1,114,175	229,536	1,118,691
Other payables from purchase of assets	12,862	19,801	12,862	19,801

The accompanying notes on pages 9 to 53 are an integral part of these financial statements.

## **1 General information**

The Stock Exchange of Thailand (SET) is a juristic entity incorporated in Thailand under the Securities Exchange of Thailand Act B.E. 2517. The principal business activities of the SET are serving as the market or the centre for trading of securities and providing related services without the objective of distribution of profit to members. The SET commenced its trading of securities on 30 April 1975 and operates under the framework of the Securities Exchange of Thailand Act B.E. 2535. Its registered office is located at 62 Rachadaphisek Road, Kwang Klongtoey, Khet Klongtoey, Bangkok 10110, Thailand.

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

The principal business activities of the SET and its subsidiaries are summarised as follows:

- 1) Provide securities listing services
- 2) Provide listed securities trading system
- 3) Provide and disseminate data and knowledge to investors
- 4) Supervise and monitor securities trading activities, listed companies and member companies
- 5) Provide post-trade services for trading of securities and futures contracts, including acting as a clearing house, provide clearing and settlement services for securities and futures contracts, and serve as a securities depository and back-office service bureau.
- 6) Provide registrar services, including securities registrar and fund registrar services
- 7) Manage trading centre and advise on the trading of futures contracts and financial securities including providing other services related to futures trading transactions
- 8) Provide services related to computer systems, information technology and other communication network systems or integration for trading of securities, clearing and settlement of securities
- 9) Manage open-ended mutual funds to promote foreign investment in the Stock Exchange of Thailand
- 10) Engage in investment management by issuing Non-Voting Depository Receipts (NVDR) and Depository Receipts (DR) to investors as prescribed by the Office of the Securities and Exchange Commission (SEC) and invest the proceeds from the issuance of such instruments in shares of listed companies or public companies which have been approved by the SEC for offer to the public, or other securities as prescribed by the SEC

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

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

as follows.

Name of entity	Type of business	Country of incorporation	Ownership interest %	
			2010	2009
<b>Direct subsidiaries</b>				
Thailand Securities Depository Co., Ltd.	Securities depository and registrar services	Thailand	99.99	99.99
SETTRADE.COM Co., Ltd.	Computer system services	Thailand	99.99	99.99
Thailand Futures Exchange Public Company Limited	Futures exchange centre	Thailand	99.99	99.99
Thai Trust Fund Management Co., Ltd.	Mutual fund management	Thailand	99.99	99.99
Thai NVDR Co., Ltd.	Investment management in Non-Voting Depository Receipts	Thailand	99.99	99.99
Siam DR Co., Ltd.	Investment management in Depository Receipts	Thailand	99.99	99.99
mai Matching Fund Co., Ltd. (1)	Joint investment with funds or venture capital	Thailand	-	99.99
Thailand Clearing House Co., Ltd.	Clearing house and related back-office services for securities and futures contracts	Thailand	99.99	99.99

## 1 General information (cont.)

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

Name of entity	Type of business	Country of incorporation	Ownership interest %	
			2010	2009
<b>Jointly-controlled entity</b>				
Family Know-how Co., Ltd.	Provision of services and advice in respect of media production related to finance and investment	Thailand	50.00	50.00
<b>Associates</b>				
Clearing Fund (2)	Fund	Thailand	19.04	20.43
TSFC Securities Public Company Limited	Granting of credit to businesses involved with securities and securities borrowing and lending	Thailand	24.66	24.66

### (1) mai Matching Fund Co., Ltd.

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

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

### (2) Clearing Fund

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

## 2 Basis of preparation

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

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

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

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

### 3 Summary of significant accounting policies

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

##### a) Accounting framework

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

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

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

##### Effective for periods beginning on or after 1 January 2011

TAS 1	(Revised 2009) Presentation of Financial Statements
TAS 2	(Revised 2009) Inventories
TAS 7	(Revised 2009) Statement of Cash Flows
TAS 8	(Revised 2009) Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10	(Revised 2009) Events after the Reporting Period
TAS 11	(Revised 2009) Construction Contracts
TAS 16	(Revised 2009) Property, Plant and Equipment
TAS 17	(Revised 2009) Leases
TAS 18	(Revised 2009) Revenue
TAS 19	Employee Benefits
TAS 23	(Revised 2009) Borrowing Costs
TAS 24	(Revised 2009) Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27	(Revised 2009) Consolidated and Separate Financial Statements
TAS 28	(Revised 2009) Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31	(Revised 2009) Interests in Joint Ventures
TAS 33	(Revised 2009) Earnings per Share
TAS 34	(Revised 2009) Interim Financial Reporting
TAS 36	(Revised 2009) Impairment of Assets
TAS 37	(Revised 2009) Provisions, Contingent Liabilities and Contingent Assets
TAS 38	(Revised 2009) Intangible Assets
TAS 40	(Revised 2009) Investment Property
TFRS 2	Share-based Payment
TFRS 3	(Revised 2009) Business Combinations
TFRS 5	(Revised 2009) Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC 15	Agreements for the Construction of Real Estate

##### Effective for periods beginning on or after 1 January 2013

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

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

### **3 Summary of significant accounting policies (cont.)**

#### **3.1 New accounting standards, new financial reporting standards, new interpretation, and amendments to accounting standards and the accounting framework (cont.)**

##### **b) New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards (cont.)**

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

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

#### **3.2 Investments in subsidiaries, jointly-controlled entities and associates**

##### **3.2.1 Subsidiaries**

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

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

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

##### **3.2.2 Jointly-controlled entity**

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

### **3 Summary of significant accounting policies (cont.)**

#### **3.2 Investments in subsidiaries, jointly-controlled entities and associates (cont.)**

##### **3.2.3 Associates**

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

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

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

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

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

#### **3.3 Foreign currencies**

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

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Thai Baht using the foreign exchange rates prevailing on that date. Foreign exchange differences arising on translation are recognised in the statement of revenues and expenses.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated into Thai Baht using the foreign exchange rates prevailing on the dates of the transactions.

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

#### **3.4 Underlying assets**

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

### **3 Summary of significant accounting policies (cont.)**

#### **3.5 Cash and cash equivalents**

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

#### **3.6 Investments**

Debt securities and marketable equity securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the statement of revenues and expenses.

Debt securities that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost, less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in fund balances. Impairment losses and foreign exchange differences are recognised in the statement of revenues and expenses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in fund balances is recognised in the statement of revenues and expenses. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the statement of revenues and expenses.

Investments in fixed deposits, promissory notes at financial institutions and negotiable certificates of deposits are classified as general investments and stated in the balance sheet at cost less impairment losses.

Investments in specific mutual funds established for specific purposes, which have a policy of investing in marketable securities and other equity instruments, are classified as general investments and stated in the balance sheet at cost less impairment losses.

Investments in equity securities which are not marketable are stated at cost less impairment losses.

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the reporting date for marketable equity securities. The fair value of debt securities is calculated by reference to the risk-free yield curve adjusted by the appropriate risk premium.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount together with the associated gain or loss that was reported in fund balances is recognised in the statement of revenues and expenses.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

#### **3.7 Accounts receivable and accrued income**

Accounts receivable and accrued income are carried at original invoice amount less allowance for doubtful accounts.

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

### 3 Summary of significant accounting policies (cont.)

#### 3.8 Property, plant and equipment

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

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

Land improvements	5 years
Buildings	10 - 30 years
Building improvements	2 - 10 years
Furniture and fixtures	5 - 9 years
Office equipment	5 - 9 years
Vehicles	7 years

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

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

Repair and maintenance expenses are charged to the statement of revenues and expenses during the financial period in which they are incurred. The cost of major renovation is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related assets.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are included in the statement of revenues and expenses.

#### 3.9 Intangible assets

Intangible assets that are acquired by the Group, which have finite useful lives, are recognised at cost less accumulated amortisation and impairment losses. Intangible assets are amortised in the statement of revenues and expenses on a straight-line basis over their estimated useful lives from the date that they are available for use. The estimated useful lives are as follows:

Computer software	3 - 8 years
Patent and operating rights	10 years

##### Computer software

Costs associated with developing or maintaining computer software are recognised as expenses as incurred in the statement of revenues and expenses. Costs that are directly associated with identifiable and unique software products controlled by the Group and have probable economic benefits exceeding the cost beyond one year are recognised as intangible assets. Direct costs include the purchase price and an appropriate portion of relevant overheads to allow such asset to be ready for its intended use. Expenditure which is incurred to enhance or extend the performance of computer software beyond its original specifications is recognised as an intangible asset.



### 3 Summary of significant accounting policies (cont.)

#### 3.9 Intangible assets (cont.)

##### Patents and operating rights

Patents represent the expenditure incurred on patents acquired for media publications (including related identifiable trademarks). Operating rights represent the expenditure incurred in acquiring the rights to use systems including copyrights, patents and trademarks and other related rights, i.e. the bond trading system. Both patents and operating rights are controlled by the Group and are expected to generate economic benefits for more than one year. They are recognised as intangible assets.

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

#### 3.10 Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in the statement of revenues and expenses unless it reverses a previous revaluation credited to fund balances, in which case it is charged to fund balances.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in fund balances and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in fund balances is recognised in the statement of revenues and expenses even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the statement of revenues and expenses is the difference between the acquisition cost and current fair value, less any impairment losses on that financial asset previously recognised in the statement of revenues and expenses.

The recoverable amount of held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate. Receivables with a short duration are not discounted.

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. For financial assets carried at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in the statement of revenues and expenses. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in fund balances.

An impairment loss in respect of other non-financial assets recognised in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 3 Summary of significant accounting policies (cont.)

#### 3.11 Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of revenues and expenses over the period of the borrowings on an effective interest basis.

#### 3.12 Trade and other accounts payable

Trade and other accounts payable are stated at cost.

#### 3.13 Employee benefits

##### Defined contribution plans

The Group participates in a provident fund, which is a defined contribution plan, the assets for which are held in a separate trustee-administered fund and are managed by a licensed Fund Manager. The provident fund is funded by payments from employees and by the Group. The Group's contributions to the provident fund are charged to the statement of revenues and expenses in the year to which they are related.

##### Defined benefit plans

The Group provides for post employment retirement benefits, payable to employees under the labour laws applicable in Thailand. The liability in respect of employee benefits is measured, using the projected unit credit method which is calculated by an independent actuary in accordance with the actuarial technique. The present value of the defined benefit obligation is determined by discounting estimated future cash flows using the yield on government bonds which have terms to maturity approximating the terms of the related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, mortality, length of service and other factors. Actuarial gains or losses will be recognised as expense in the statement of revenues and expenses in the period to which they are related.

In determining the appropriate discount rate, the Group considers the interest rates in which the benefits will be paid to the staff.

##### Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

#### 3.14 Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Provisions are recognised in the period in which the Group becomes legally or constructively committed to payment. Costs relating to the ongoing activities are not classified as provisions.

### **3 Summary of significant accounting policies (cont.)**

#### **3.15 Lease-where a Group is the lessee**

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases.

Payments made under operating leases are recognised in the statement of revenues and expenses on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are charged to the statement of revenues and expenses for the accounting period in which they are incurred.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

#### **3.16 Revenue**

Revenue excludes value added taxes.

Service income is recognised upon performance of services.

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

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

Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

Dividend income is recognised in the statement of revenues and expenses when the Group's right to receive payment is established.

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

#### **3.17 Dividend payment**

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

#### **3.18 Directors' remuneration**

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

#### 4 Financial risk management

##### Financial risk management policies

The Group is exposed to normal business risks from changes in interest rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

##### Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because debt securities and loan interest rates are mainly fixed. The Group is primarily exposed to interest rate risk from its borrowings.

##### Credit risk from investments and deposits

Credit risk is the potential loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

The Group has no significant concentration of investments or deposits at financial institutions. The Group is, however, exposed to market risks as an investor in financial instruments, and credit risk from the issuer of financial instruments. The Group, therefore, has a policy of diversifying its investments and deposits to high credit financial institutions according to the SET's regulations.

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

##### 1) Investments in debt securities

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

##### 2) Investments in equity securities

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

##### 3) Investments in property funds

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

**4 Financial risk management (cont.)**

4) Investments in foreign investment funds

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

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

**Liquidity risk**

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

**Capital risk management**

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

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

**Determination of fair values**

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on the following methods (when applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability).

The fair value of other short-term receivables is taken to approximate the carrying value.

The carrying amounts of the following financial assets and financial liabilities are approximate to their fair values. These consist of cash and cash equivalents, cash at banks for dividend payables, accounts receivable and accrued income, accrued interest receivable, dividend payables, margin deposits and benefits payables, accounts payable and accrued expenses, fees received in advance, income tax payable and short-term borrowings from subsidiaries.

The fair value of investments in debt and equity securities, which are held for trading, held-to-maturity and available-for-sale, is determined by reference to their quoted bid price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only as described in notes 8 and 14 to the financial statements.

## 5 Critical accounting estimates, assumptions and judgements

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

### 5.1 Impairment of receivables

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

### 5.2 Property, plant and equipment and intangible assets

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

### 5.3 Employee benefits

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

## 6 Related party transactions and balances

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

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

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

**6 Related party transactions and balances (cont.)**

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

(Unit : Baht'000)				
	Consolidated financial statements		SET	
	2010	2009	2010	2009
<b>Service income</b>				
<b>Subsidiaries</b>				
Thailand Securities Depository Co., Ltd.	-	-	592,630	593,591
Thailand Futures Exchange Public Company Limited	-	-	246,563	233,176
SETTRADE.COM Co., Ltd.	-	-	153,751	106,880
Thailand Clearing House Co., Ltd.	-	-	161,254	83,112
Thai Trust Fund Management Co., Ltd.	-	-	4,644	4,800
Family Know-how Co., Ltd.	-	-	-	5,068
	-	-	1,158,842	1,026,627
<b>Jointly-controlled entity</b>				
Family Know-how Co., Ltd.	32,043	847	30,067	847
<b>Associate</b>				
Clearing Fund	881	751	-	-
Total	32,924	1,598	1,188,909	1,027,474
<b>Purchase of services</b>				
<b>Subsidiaries</b>				
Thai NVDR Co., Ltd.	-	-	1,500	1,500
Thailand Clearing House Co., Ltd.	-	-	299	49
Thailand Securities Depository Co., Ltd.	-	-	113	95
Family Know-how Co., Ltd.	-	-	-	63,954
SETTRADE.COM Co., Ltd.	-	-	-	200
	-	-	1,912	65,798
<b>Jointly-controlled entity</b>				
Family Know-how Co., Ltd.	161,005	20,701	161,005	15,701
Total	161,005	20,701	162,917	81,499
<b>Interest income</b>				
<b>Jointly-controlled entity</b>				
Family Know-how Co., Ltd.	1,387	-	1,387	-
Total	1,387	-	1,387	-

6 Related party transactions and balances (cont.)

	(Unit : Baht'000)	
	SET	
	2010	2009
<b>Interest expense</b>		
<b>Subsidiaries</b>		
Thailand Futures Exchange Public Company Limited	3,528	3,618
Thailand Securities Depository Co., Ltd.	1,865	566
Thai Trust Fund Management Co., Ltd.	1,616	1,700
Thailand Clearing House Co., Ltd.	1,058	236
SETTRADE.COM Co., Ltd.	992	486
Thai NVDR Co., Ltd.	468	354
Siam DR Co., Ltd.	153	149
mai Matching Fund Co., Ltd.	-	132
<b>Total</b>	<b>9,680</b>	<b>7,241</b>

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

	(Unit : Baht'000)			
	Consolidated financial statements		SET	
	2010	2009	2010	2009
<b>Accounts receivable</b>				
<b>Jointly-controlled entity</b>				
Family Know-how Co., Ltd.	117	301	117	301
<b>Accrued income</b>				
<b>Subsidiaries</b>				
Thailand Securities Depository Co., Ltd.	-	-	62,471	113,420
Thailand Futures Exchange Public Company Limited	-	-	33,529	66,197
SETTRADE.COM Co., Ltd.	-	-	32,674	11,718
Thailand Clearing House Co., Ltd.	-	-	22,964	11,096
	-	-	151,638	202,431
<b>Jointly-controlled entity</b>				
Family Know-how Co., Ltd.	303	752	303	752
<b>Total</b>	<b>303</b>	<b>752</b>	<b>151,941</b>	<b>203,183</b>
<b>Other current assets</b>				
<b>Jointly-controlled entity</b>				
Family Know-how Co., Ltd.	36,760	15	36,760	15



6 Related party transactions and balances (cont.)

		(Unit : Baht'000)			
		Consolidated financial statements		SET	
		2010	2009	2010	2009
<b>Payables and accrued expenses</b>					
<b>Subsidiaries</b>					
Thai Trust Fund Management Co., Ltd.	-	-	167	-	-
Thailand Clearing House Co., Ltd.	-	-	150	49	-
Thailand Securities Depository Co., Ltd.	-	-	10	6	-
SETTRADE.COM Co., Ltd.	-	-	-	48	-
	-	-	327	103	-
<b>Jointly-controlled entity</b>					
Family Know-how Co., Ltd.	9,107	8,586	9,107	3,236	-
<b>Total</b>	<b>9,107</b>	<b>8,586</b>	<b>9,434</b>	<b>3,339</b>	
<b>Other current liabilities</b>					
<b>Subsidiaries</b>					
Thailand Securities Depository Co., Ltd.	-	-	1	10	-
SETTRADE.COM Co., Ltd.	-	-	-	156	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>166</b>	

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

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

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

		(Unit : Baht'000)	
		SET	
		2010	2009
<b>Subsidiaries</b>			
At 1 January		565,850	343,850
Increase		220,000	231,000
Decrease		(255,450)	(9,000)
<b>At 31 December</b>		<b>530,400</b>	<b>565,850</b>

**6 Related party transactions and balances (cont.)**

**Sponsorship for jointly-controlled entity**

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

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

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

The SOF was registered and incorporated on 9 August 2006 with the objective of conducting activities for the development of society, communities and the environment. The SOF's activities focus on developing a vigorous Thai society and communities in order to prevent and resolve problems relating to addictive drugs and other problems affecting Thai youth and Thai society. In addition, the activities support projects and programmes relating to education.

In 2010 the SET appropriated its annual revenues over expenses of Baht 467.3 million (2009: Baht 134.7 million) to the SOF.

**Directors' remuneration**

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

The directors' remuneration for the year 2010 amounted to Baht 18.9 million (2009: Baht 16.4 million).

**7 Cash and cash equivalents**

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

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

8 Short-term investments, net

		(Unit : Baht'000)			
		Consolidated financial statements		SET	
Note		2010	2009	2010	2009
<b>Investments managed by SET</b>					
General investments					
		138,205	120,783	72,205	112,783
		2,037,844	1,470,703	1,861,882	1,045,332
		-	916	-	916
	14	132,891	-	132,891	-
	14	(22,423)	-	(22,423)	-
		2,286,517	1,592,402	2,044,555	1,159,031
Investments in mutual funds					
		453,709	262,199	453,709	262,199
		-	5,134	-	-
Debt securities held-to-maturity					
	14	20,000	119,236	15,000	87,246
		684,597	1,181,544	679,605	1,049,595
		3,444,823	3,160,515	3,192,869	2,558,071
<b>Investments managed by private funds</b>					
General investments					
		7,850	28,697	6,865	24,186
		241,000	30,000	230,000	30,000
		210,002	147,714	200,002	147,714
		458,852	206,411	436,867	201,900
		1,786,974	1,980,375	1,666,240	1,849,626
		2,245,826	2,186,786	2,103,107	2,051,526
Trading securities					
		5,690,649	5,347,301	5,295,976	4,609,597

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

		(Unit : Baht'000)			
	Consolidated financial statements		SET		
	2010	2009	2010	2009	
Opening net book value	5,347,301	5,325,907	4,609,597	4,744,916	
Purchases during the year	15,246,692	1,871,442	13,612,813	1,409,785	
Disposals during the year	(15,129,102)	(1,850,048)	(13,154,379)	(1,545,104)	
Transfer/adjustments	248,181	-	250,368	-	
<u>Less</u> Allowance for impairment losses	(22,423)	-	(22,423)	-	
Closing net book value	5,690,649	5,347,301	5,295,976	4,609,597	

**8 Short-term investments, net (cont.)**

**Investments managed by the SET**

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

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

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

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

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

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

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

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

**Investments managed by private funds**

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

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

9 Accounts receivable and accrued income, net

(Unit : Baht'000)					
		Consolidated financial statements		SET	
	Note	2010	2009	2010	2009
<b>Accounts receivable</b>					
Related parties	6	117	301	117	301
Other parties		70,369	58,119	34,461	26,396
		70,486	58,420	34,578	26,697
<u>Less</u> Allowance for doubtful accounts		(19,233)	(19,255)	(8,653)	(8,675)
		51,253	39,165	25,925	18,022
<b>Accrued income</b>					
Related parties	6	303	752	151,941	203,183
Other parties		161,097	141,659	67,888	35,954
		161,400	142,411	219,829	239,137
Net		212,653	181,576	245,754	257,159

Aging analysis for accounts receivable is as follows:

(Unit : Baht'000)					
		Consolidated financial statements		SET	
	Note	2010	2009	2010	2009
<b>Related parties</b>					
Within credit terms	6	117	301	117	301
		117	301	117	301
<b>Other parties</b>					
Within credit terms		41,860	34,762	21,492	14,446
Overdue:					
Less than 3 months		9,244	4,100	4,316	3,275
6 - 12 months		32	2	-	-
Over 12 months		19,233	19,255	8,653	8,675
		70,369	58,119	34,461	26,396
<u>Less</u> Allowance for doubtful accounts		(19,233)	(19,255)	(8,653)	(8,675)
		51,136	38,864	25,808	17,721
Net		51,253	39,165	25,925	18,022

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

**10 Other current assets**

		(Unit : Baht'000)			
		Consolidated financial statements		SET	
	Note	2010	2009	2010	2009
Other receivables from disposals of investments in mutual funds		105,859	-	105,859	-
Loans to employees		38,468	34,541	38,468	34,541
Other receivables from sale of all assets in studio units	6	36,760	-	36,760	-
Prepaid expenses		17,512	29,257	17,223	28,928
Pending input tax		4,908	4,490	4,863	4,022
Value added tax receivable		4,687	996	-	-
Inventory - publication		2,370	1,951	2,370	1,951
Others		4,627	1,658	4,730	964
Total		<u>215,191</u>	<u>72,893</u>	<u>210,273</u>	<u>70,406</u>

**11 Investments in subsidiaries**

		(Unit : Baht'000)	
		SET	
		2010	2009
<b>Subsidiaries</b>			
At 1 January		597,291	554,591
Acquisitions		-	102,700
Change in status from subsidiary to jointly-controlled entity		-	(50,000)
During liquidation process		-	(10,000)
At 31 December		<u>597,291</u>	<u>597,291</u>

11 Investments in subsidiaries (cont.)

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

		(Unit : Baht'000)							
		SET							
Ownership interest (%)		Paid-up capital		Cost method		At cost, net		Dividend income	
2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
<b>Subsidiaries</b>									
Thailand Securities Depository Co., Ltd.	99.99	99.99	200,000	200,000	200,000	200,000	200,000	200,000	-
SETTRADE.COM Co., Ltd.	99.99	99.99	80,000	80,000	74,591	74,591	74,591	74,591	55,999
Thailand Futures Exchange Public Company Limited	99.99	99.99	100,000	100,000	100,000	100,000	100,000	100,000	20,200
Thai Trust Fund Management Co., Ltd.	99.99	99.99	100,000	100,000	100,000	100,000	100,000	100,000	7,500
Thai NVDR Co., Ltd.	99.99	99.99	10,000	10,000	10,000	10,000	10,000	10,000	-
Siam DR Co., Ltd.	99.99	99.99	10,000	10,000	10,000	10,000	10,000	10,000	-
Thailand Clearing House Co., Ltd.	99.99	99.99	100,000	100,000	102,700	102,700	102,700	102,700	-
Total					597,291	597,291	597,291	597,291	333,699

12 Investments in jointly-controlled entity, net

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



12 Investments in jointly-controlled entity, net (cont.)

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

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

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

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

**12 Investments in jointly-controlled entity, net (cont.)**

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

	<b>(Unit : Baht'000)</b>	
	<b>Consolidated financial statements</b>	
	<b>2010</b>	<b>2009</b>
Current assets	112,508	77,618
Non-current assets	46,968	4,404
Total assets	159,476	82,022
Current liabilities	69,291	22,015
Non-current liabilities	4,116	3,308
Total liabilities	73,407	25,323
Total revenues	229,784	141,543
Total expenses	191,263	147,162
Net profit (loss)	29,370	(5,619)

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

**13 Investments in associates, net**

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

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

13 Investments in associates, net (cont.)

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

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

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

14 Long-term investments, net

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

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

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

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

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

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

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

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

**14 Long-term investments, net (cont.)**

- 2) In 2007, invested in a non-retail fund, which primarily invests directly in energy, alternative and renewable energy firms and businesses that support the government's energy policies. The fund is an open-ended fund and has an automatic redemption from the sixth year (2013) when the fund disposes of its assets, and then no further re-investment.
- 3) In 2008, invested in a non-retail fund which primarily invests directly in businesses and industries which have potential growth the majority of which was long-term investment. The fund has an automatic redemption from the fourth year (2012).

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

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

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

	(Unit : Baht'000)			
	Consolidated financial statements		SET	
	2010	2009	2010	2009
Opening net book value	6,090,034	4,723,191	6,062,334	4,653,015
Acquisitions	3,547,734	5,929,890	3,480,734	5,924,890
Disposals	(1,324,406)	(5,651,086)	(1,323,406)	(5,603,874)
Transfer/adjustments	(240,688)	(18,641)	(247,071)	(22,893)
Unrealised gain on available-for-sale securities	225,691	1,114,175	229,536	1,118,691
<u>Less</u> Allowance for impairment losses	(2,450)	(7,495)	(2,450)	(7,495)
Closing net book value	8,295,915	6,090,034	8,199,677	6,062,334

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

	(Unit : Baht'000)			
	Consolidated financial statements			
	Due			
	Within 1 year	1 to 5 years	Over 5 years	Total
2010				
Held-to-maturity debt securities				
Government bonds	15,000	676,417	1,081	692,498
Bank of Thailand bonds	-	30,529	100,000	130,529
State enterprise bonds	-	50,257	-	50,257
Debentures	5,000	451,965	40,000	496,965
Total	20,000	1,209,168	141,081	1,370,249
2009				
Held-to-maturity debt securities				
Government bonds	17,115	665,000	1,093	683,208
Bank of Thailand bonds	16,990	-	100,000	116,990
Foreign financial institution bonds	40,000	-	-	40,000
Debentures	45,131	367,190	-	412,321
Total	119,236	1,032,190	101,093	1,252,519

14 Long-term investments, net (cont.)

(Unit : Baht'000)				
SET				
Due				
	Within 1 year	1 to 5 years	Over 5 years	Total
<b>2010</b>				
Held-to-maturity debt securities				
Government bonds	15,000	676,417	1,081	692,498
Bank of Thailand bonds	-	30,529	100,000	130,529
State enterprise bonds	-	50,257	-	50,257
Debentures	-	438,965	40,000	478,965
Total	15,000	1,196,168	141,081	1,352,249
<b>2009</b>				
Held-to-maturity debt securities				
Government bonds	17,115	665,000	1,093	683,208
Bank of Thailand bonds	-	-	100,000	100,000
Foreign financial institution bonds	30,000	-	-	30,000
Debentures	40,131	349,190	-	389,321
Total	87,246	1,014,190	101,093	1,202,529

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

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

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

**14 Long-term investments, net (cont.)**

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

		(Unit : Baht'000)					
		Consolidated and SET's financial statements					
		Cost		Fair value		Impairment	
		2010	2009	2010	2009	2010	2009
Investments in specific-purpose funds		209,182	216,311	183,572	208,816	(24,873)	(7,495)
Less Current portion (Note 8)		(132,891)	-	(110,468)	-	(22,423)	-
		76,291	216,311	73,104	208,816	(2,450)	(7,495)

**15 Property, plant and equipment, net**

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

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

(Unit : Baht'000)

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

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



16 Intangible assets, net

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

16 Intangible assets, net (cont.)

	(Unit : Baht'000)		
	SET		
	Computer software	Work in process	Total
<b>As at 1 January 2008</b>			
Cost	727,984	30,306	758,290
<u>Less</u> Accumulated amortisation	(362,664)	-	(362,664)
Net book amount	<u>365,320</u>	<u>30,306</u>	<u>395,626</u>
<b>For the year ended 31 December 2009</b>			
Opening net book amount	365,320	30,306	395,626
Additions	26,490	2,005	28,495
Disposals	(1)	-	(1)
Transfers	32,311	(32,311)	-
Amortisation charge	(127,698)	-	(127,698)
Closing net book amount	<u>296,422</u>	<u>-</u>	<u>296,422</u>
<b>As at 31 December 2009</b>			
Cost	741,460	-	741,460
<u>Less</u> Accumulated amortisation	(445,038)	-	(445,038)
Net book amount	<u>296,422</u>	<u>-</u>	<u>296,422</u>
<b>For the year ended 31 December 2010</b>			
Opening net book amount	296,422	-	296,422
Additions	13,240	19,328	32,568
Disposals/write-off	(30,068)	-	(30,068)
Transfers	8,419	(2,346)	6,073
Amortisation charge	(116,692)	-	(116,692)
Closing net book amount	<u>171,321</u>	<u>16,982</u>	<u>188,303</u>
<b>As at 31 December 2010</b>			
Cost	708,956	16,982	725,938
<u>Less</u> Accumulated amortisation	(537,635)	-	(537,635)
Net book amount	<u>171,321</u>	<u>16,982</u>	<u>188,303</u>

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

## **17 Assets for margin deposits and benefits**

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

As at 31 December 2010 and 2009, the details of investments for which margin deposits were placed by members amounting to Baht 3,612.0 million and Baht 2,835.4 million, respectively are as follows:

	2010 Baht'000	2009 Baht'000
Savings and fixed deposits accounts	3,327,080	2,480,360
Bonds	260,278	333,105
Accrued benefits	24,657	21,903
Total	<u>3,612,015</u>	<u>2,835,368</u>

The SET presented margin deposits placed by members separately in the account "Assets for margin deposits and benefits" in current assets in the balance sheet and presented liabilities in the same amount in the account "Margin deposits and benefits payables" in current liabilities in the balance sheet.

## **18 Assets for clearing system protection and benefits**

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

Assets for clearing system protection comprise the following :

### **18.1 Securities Deposit**

Members of TCH are required to place a Securities Deposit according to the announcement made by TCH (the current Securities Deposit for general clearing members is not less than Baht 5 million per member and for gold related products clearing members is not less than Baht 4 million per member). TCH will invest the proceeds from the Securities Deposit and return any benefits derived from the Securities Deposits, after deducting management fees, to members in accordance with the announced rates and procedures. Assets held as Securities Deposits will be returned to members after their membership is terminated.

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

- (1) The SET amounting to Baht 100 million
- (2) Members of TCH:
  - Initial contributions according to the announced rates (currently the initial contribution for general clearing members is not less than Baht 5 million per member and for gold related products clearing members is not less than Baht 1 million per member)
  - Monthly contributions at a value of not less than Baht 1,000

Securities Deposits and benefits are the right of the payers according to the proportion of their contributions. When the membership is terminated, the member's Securities Deposit and benefits on contributions will be returned.

18 Assets for clearing system protection and benefits (cont.)

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

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

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

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

19 Accounts payable and accrued expenses

	Note	(Unit : Baht'000)			
		Consolidated financial statements		SET	
		2010	2009	2010	2009
Related parties	6	9,107	8,586	9,434	3,339
Other parties		744,573	464,620	732,482	455,390
Total		753,680	473,206	741,916	458,729

20 Other current liabilities

	(Unit : Baht'000)			
	Consolidated		SET	
	financial statements			
	2010	2009	2010	2009
Financial benefits payable to unitholders	42,716	41,081	-	-
Dividend payable from Legal				
Execution Department	32,477	33,602	-	-
Other retention payables	30,492	21,696	30,488	21,687
Pending donation for disaster	22,741	23,437	22,741	23,437
Provision for employee benefits from				
accumulated annual leave	19,510	18,387	19,510	18,387
Ngoen-Thong-khong-Mee-Kha Fund	12,419	12,035	12,419	12,035
Collateral payables	11,653	-	11,653	-
Others	26,343	18,355	12,542	9,025
Total	198,351	168,593	109,353	84,571

21 Provision for employee benefits

	(Unit : Baht'000)			
	Consolidated		SET	
	financial statements			
	2010	2009	2010	2009
Balance sheet obligations	120,110	119,602	120,110	119,602
Charge in the statement of revenues				
and expenses	15,046	17,906	15,046	55,260

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

	(Unit : Baht'000)			
	Consolidated		SET	
	financial statements			
	2010	2009	2010	2009
Present value of obligations	118,972	118,464	118,972	118,464
Unrecognised actuarial gain	1,138	1,138	1,138	1,138
Liabilities in the balance sheets	120,110	119,602	120,110	119,602

21 Provision for employee benefits (cont.)

Movements of the provision for employee benefits are as follows:

	(Unit : Baht'000)			
	Consolidated financial statements		SET	
	2010	2009	2010	2009
Beginning balance	119,602	133,723	119,602	92,502
Current service costs	9,563	11,923	9,563	11,405
Interest costs	5,483	5,983	5,483	5,871
	134,648	151,629	134,648	109,778
Less Benefits paid	(14,538)	(28,160)	(14,538)	(28,160)
Add (less) Adjustments	-	(3,867)	-	37,984
Ending balance	120,110	119,602	120,110	119,602
Less Current portion	(7,104)	(8,453)	(7,104)	(8,453)
Total non-current	113,006	111,149	113,006	111,149

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

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

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

	(Unit : Baht'000)			
	Consolidated financial statements		SET	
	2010	2009	2010	2009
Current service costs	9,563	11,923	9,563	11,405
Interest costs	5,483	5,983	5,483	5,871
	15,046	17,906	15,046	17,276
Add Transferred from subsidiaries	-	-	-	37,984
Total	15,046	17,906	15,046	55,260

The principal actuarial assumptions used are as follows:

	2010	2009
Discount rate as of 31 December	4.80%	4.80%
Salary increase rate - permanent employees	6.00%	6.00%
Salary increase rate - contract employees	4.50%	4.50%
Average turnover rate	6.40%	6.40%
Pre-retirement mortality rate	0.11% - 1.48%	0.11% - 1.48%
Retirement age	60 years old	60 years old

## **22 Fund balances**

Details of fund balances are as follows:

### **Securities Clearing Reserve Fund**

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

### **Clearing and Settlement of Derivatives Market Reserve Fund**

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

### **Indemnity Fund**

In 1993 and 2002, the Board of Governors of the SET approved appropriations of general funds totalling Baht 100 million to the Indemnity Fund in order to assist and assure the Board of Governors and those appointed assignees on matters requiring consideration and decisions which may affect or cause damages to other parties.

### **SET Building Construction Fund**

In 1992, the Board of Governors of the SET approved an appropriation of general funds of Baht 580 million for the construction of SET buildings. Construction of the office buildings was completed in 1998. The remaining fund balance of Baht 246.3 million is reserved for further construction of a parking building.

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

### **Staff Welfare Fund**

In 1997 and 2004, the Board of Governors of the SET approved appropriations of general funds totalling Baht 75 million to the Staff Welfare Fund. All benefits earned from this fund are retained in the fund.

### **Securities Investor Protection Fund**

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

The SIPF was formally established under SIPF regulations on 1 October 2004. The objective of the fund is to protect and build investor confidence in trading listed securities on the SET through the members of the SIPF. As at 31 December 2010 33 companies were SIPF members (2009: 33 companies).

The assets of SIPF consist of:

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

22 Fund balances (cont.)

**Securities Investor Protection Fund (cont.)**

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

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

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

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

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

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

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



## 23 Results of fund operations

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

	(Unit : Baht'000)			
	Consolidated financial statements			
	Staff Welfare Fund	Securities Investor Protection Fund (SET's portion)	General Fund	Total
<b>For the year ended 31 December 2010</b>				
<b>Revenues</b>				
Fee and service income	-	-	2,320,270	2,320,270
Investment income, net	900	11,766	866,577	879,243
Gain from disposal of assets	-	-	421,914	421,914
Other income	-	-	524,892	524,892
<b>Total revenues</b>	<b>900</b>	<b>11,766</b>	<b>4,133,653</b>	<b>4,146,319</b>
<b>Expenses</b>				
Operating expenses	-	131	2,481,985	2,482,116
Donation and social activities contributions	-	-	467,734	467,734
Income tax	-	-	68,375	68,375
<b>Total expenses</b>	<b>-</b>	<b>131</b>	<b>3,018,094</b>	<b>3,018,225</b>
<b>Revenues over expenses</b>	<b>900</b>	<b>11,635</b>	<b>1,115,559</b>	<b>1,128,094</b>
<b>For the year ended 31 December 2009</b>				
<b>Revenues</b>				
Fee and service income	-	-	1,825,917	1,825,917
Investment income, net	1,127	12,291	874,675	888,093
Other income	-	-	537,466	537,466
<b>Total revenues</b>	<b>1,127</b>	<b>12,291</b>	<b>3,238,058</b>	<b>3,251,476</b>
<b>Expenses</b>				
Operating expenses	-	81	2,598,534	2,598,615
Donation and social activities contributions	-	-	141,421	141,421
Income tax	-	-	54,839	54,839
<b>Total expenses</b>	<b>-</b>	<b>81</b>	<b>2,794,794</b>	<b>2,794,875</b>
<b>Revenues over expenses</b>	<b>1,127</b>	<b>12,210</b>	<b>443,264</b>	<b>456,601</b>

**23 Results of funds operations (cont.)**

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

	(Unit : Baht'000)			
	SET			
	Staff Welfare Fund	Securities Investor Protection Fund (SET's portion)	General Fund	Total
<b>For the year ended 31 December 2010</b>				
<b>Revenues</b>				
Fee and service income	-	-	2,133,544	2,133,544
Investment income, net	900	11,766	1,168,874	1,181,540
Gain from disposal of assets	-	-	421,914	421,914
Other income	-	-	282,540	282,540
<b>Total revenues</b>	<b>900</b>	<b>11,766</b>	<b>4,006,872</b>	<b>4,019,538</b>
<b>Expenses</b>				
Operating expenses	-	131	2,283,452	2,283,583
Donation and social activities contributions	-	-	467,734	467,734
<b>Total expenses</b>	<b>-</b>	<b>131</b>	<b>2,751,186</b>	<b>2,751,317</b>
<b>Revenues over expenses</b>	<b>900</b>	<b>11,635</b>	<b>1,255,686</b>	<b>1,268,221</b>
<b>For the year ended 31 December 2009</b>				
<b>Revenues</b>				
Fee and service income	-	-	1,705,361	1,705,361
Investment income, net	1,127	12,291	801,783	815,201
Other income	-	-	288,126	288,126
<b>Total revenues</b>	<b>1,127</b>	<b>12,291</b>	<b>2,795,270</b>	<b>2,808,688</b>
<b>Expenses</b>				
Operating expenses	-	81	2,397,831	2,397,912
Donation and social activities contributions	-	-	141,439	141,439
<b>Total expenses</b>	<b>-</b>	<b>81</b>	<b>2,539,270</b>	<b>2,539,351</b>
<b>Revenues over expenses</b>	<b>1,127</b>	<b>12,210</b>	<b>256,000</b>	<b>269,337</b>

24 Investment income, net

		(Unit : Baht'000)			
		Consolidated financial statements		SET	
	Notes	2010	2009	2010	2009
Interest income		282,346	241,489	208,339	162,294
<u>Less</u> Interest expense					
Short-term borrowings from subsidiaries	6	-	-	(9,680)	(7,241)
Assets for clearing system protection - members' portion		(59,842)	(58,007)	-	-
Others		(325)	(329)	(325)	(329)
Interest income, net		222,179	183,153	198,334	154,724
Dividend income from					
Mutual funds		365,355	404,902	365,115	404,758
Subsidiaries	11	-	-	333,699	-
Other entities		2,335	2,001	2,335	2,001
Realised gain from investments		286,043	288,571	282,414	285,775
Unrealised loss from investments		(2,021)	(31,136)	(5,709)	(43,775)
Impairment losses on investments		(17,377)	(7,495)	(17,377)	(35,995)
Reversals of impairment losses	13	10,963	35,806	10,963	35,806
Recognised loss from liquidation of subsidiary		-	-	-	(384)
Net		867,477	875,802	1,169,774	802,910

25 Other income

		(Unit : Baht'000)			
		Consolidated financial statements		SET	
		2010	2009	2010	2009
Information service income		146,642	100,980	115,487	78,395
Revenues from membership fees		122,190	118,388	23,400	23,400
Educational activities income		54,435	66,595	54,435	62,288
Income on fund registrar fees		49,688	37,188	-	-
Income on customisation and IT support fee		33,421	31,509	33,421	31,509
Revenues from fees and management funds		25,963	23,130	5,483	6,133
Fines		8,576	12,071	6,853	11,328
Other income		50,519	117,912	43,461	75,073
Total		491,434	507,773	282,540	288,126

**26 Employee benefit expenses**

		(Unit : Baht'000)			
		Consolidated financial statements		SET	
		2010	2009	2010	2009
Salaries and other benefits		1,015,373	1,171,397	1,015,405	1,173,256
Contributions to provident fund		61,003	67,219	61,003	64,557
Total		1,076,376	1,238,616	1,076,408	1,237,813

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 10% of their basic salaries and by the Group at the rate of 10% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

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

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

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

**28 Other expenses**

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

29 Commitments with non-related parties

	(Unit : Baht'000)			
	Consolidated financial statements		SET	
	2010	2009	2010	2009
<b>Capital commitments</b>				
Buildings and other constructions	30,046	173,573	30,046	173,573
<b>Non-cancellable operating lease commitments</b>				
Within one year	11,515	16,507	11,515	16,507
After one year but within five years	17,812	23,371	17,812	23,371
<b>Total</b>	<b>29,327</b>	<b>39,878</b>	<b>29,327</b>	<b>39,878</b>
<b>Land lease commitments</b>				
Within one year	11,687	11,687	11,687	11,687
After one year but within five years	54,100	51,343	54,100	51,343
Over 5 years	203,877	224,165	203,877	224,165
<b>Total</b>	<b>269,664</b>	<b>287,195</b>	<b>269,664</b>	<b>287,195</b>
<b>Derivative trading and clearing system maintenance commitments</b>				
Within one year	24,237	-	24,237	-
After one year but within five years	80,285	-	80,285	-
<b>Total</b>	<b>104,522</b>	<b>-</b>	<b>104,522</b>	<b>-</b>

Moreover, the SET has an obligation relating to capital commitment subscription in two specific-purpose funds. The Asset Management Company will make additional investments from the SET after the initial investment amounting to Baht 18.4 million and Baht 6.9 million. The additional payment has not exceed Baht 50 million and Baht 30 million respectively unless the payment was made in the full amount of capital commitment subscription or due in terms of 10 years (3 August 2017) and 8 years (11 August 2016) respectively (Note 14).

30 Contingent liabilities and contingent assets

30.1 Contingent assets

Jointly-controlled entity

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

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

**30 Contingent liabilities and contingent assets (cont.)**

**30.2 Contingent liabilities**

**(a) SET**

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

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

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

**(b) Subsidiaries**

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

The Group is a defendant in various pending legal cases with third parties from normal operations. In the opinion of management, after taking appropriate legal advice, the anticipated outcome is that these legal cases will not give rise to any significant losses.

**31 Loss from written-off fire damaged assets**

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

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

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