



Matching Your Right
Financial Opportunities

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“Increase...reduce...multiply...share”

When applied wisely, these actions can create balance

with potential to propel companies into the distance, ready to sustainably

“matching your right financial opportunities”

Vision

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

Mission

Clients and Intermediaries

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

Products and Services

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

Operations

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

People and Culture

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



• infrastructure fund

• Real Estate Investment Trust: REIT

• stock futures

• holding company

• ETF

• USD Futures





“Increase investment opportunities”

strengthen financial stability,
fulfil all dimensions

continuously develop diversified investment products,
providing answers to all needs.



• SET CONNECT

• SETSMART

• www.settrade.com

• www.set.or.th

• Streaming for Android / iPhone / iPad

• Opportunity Day for Android

— “Cut cost and save time”

Buy or sell conveniently
via modern IT systems

Real-time trading with up-to-the-second online
information service accessible anywhere, anytime.

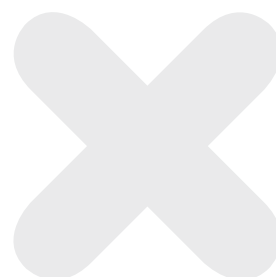




“Synergize our strengths”

connecting to make investments complete

Join all channels to facilitate growth opportunities for businesses and investors.
Create unified and strong networks ready to proudly compete internationally.





• SET Investment Center: SET IC

• SET Junior Financial Club: SET JFC

• Social Recognition Project

• Young Financial Star Competition: YFS

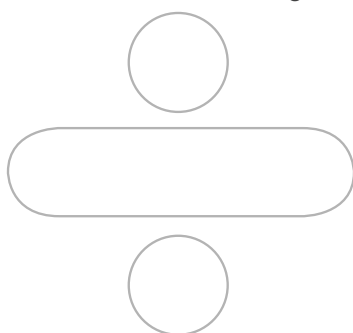
• Ngern - Thong - Khong - Mee - Kha



“Share opportunities and expertise”

for prudent investment

Create expansion by providing savings and investment
know-how together with maintaining a sustainable society.





Message from the Chairman



In 2013, it was evident that global investors increasingly found **capital markets in emerging economies attractive including the capital market in Thailand**, due to **Thailand's proven economic strengths and competitive edge in ASEAN**. Coincidentally, key external factors, such as the monetary policy of the United States, plus the gradual economic recoveries in the United States, Japan and Europe contributed towards this upward trend.

To benefit Thai and overseas investors in 2013, the Stock Exchange of Thailand (SET) proactively matched investment opportunities for investors and businesses by developing fund-raising mechanisms and investment instruments that fully complied with international standards. Firstly, our most urgent and important mission was to review our policies and regulations so that investors would receive maximum benefit from financial innovations, including **listing criteria for real estate investment trusts (REIT)**, **holding companies that mainly invest overseas through their core subsidiaries**, and **infrastructure funds**. Secondly, to assist marketing and to expand its target groups, the SET continued to collaborate with a wide variety of partners to support companies and investors in choosing the financial instruments best suited for the circumstances.

SET has been committed to supporting its neighboring capital markets, in particular those in the Greater Mekong Subregion (GMS), by initiating cooperation programs such as the **"GMS Focus"** conference for senior officials during the **"Thailand Focus 2013"** event which provided a forum for the stock exchanges from Cambodia, Laos, Hanoi, as well as Ho Chi Minh City. The joint cooperation focused on enhancing the expertise of capital market participants and corporate governance. In addition, SET

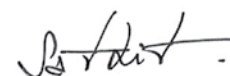
initiated and hosted the “**Capital Market Education Forum 2013**” by inviting experts from agencies all over the region to exchange ideas on how to manage the capital markets in each country, aiming at sustainable growth for today and tomorrow. This marks a new beginning to enhance the capital market development in the GMS, leading to mutual sustainable benefits.

SET has outlined the short, medium and long-term development of Thailand’s capital market in its master plan. It was significant that in 2013, SET focused on developing the quality of the capital market. It emphasized the development and implementation of good principles in corporate governance to local conditions, raised the expertise of capital market professionals, and promoted investor relations and enterprises for the capital market. It also encouraged social responsibility, and supported activities carried out by various associations to sustainably strengthen the Thai capital market.

Displaying social responsibility, SET and other capital market units continued to pay attention to humanity while running their businesses to achieve sustainability. This included rehabilitating educational institutions and historical sites damaged by the massive floods of 2011, via the **Thai Stock Market Flood Relief Fund**. Socially responsible activities have continued consistently through the SET Foundation to steadily enhance the quality of the nation.

SET has continuously improved its strength in order to withstand economic and social challenges. In 2014, SET will continue to reform the Thai capital market by 1) upgrading financial literacy at all levels, 2) improving investor and business access to bond markets, 3) developing financial instruments with gold bars as the underlying asset, and 4) developing risk management tools for agricultural product prices. These measures are to increase Thai economic stability, boosting national competitiveness and ensuring that the general public is satisfied with the financial stability in the long run.

On behalf of the SET Board of Governors, I would like to express our sincere appreciation to the related agencies from both the public and private sectors, including the capital market associations, the investors, the listed firms, the broker members, stakeholders and the staff of SET for your contributions in 2013. Each one of you has played a significant role in driving the Thai capital market towards excellence, stability and sustainability. It has been an absolute pleasure working with you and we look forward to many new opportunities and an even more prosperous year ahead.



Dr. Sathit Limpongpan

Chairman



Message from the President

Despite facing both external and domestic turbulence, for The Stock Exchange of Thailand (SET), 2013 was one of its most successful years due to the unstinting effort and commitment of all staff members and synergy from its alliance partners and other stakeholders. SET's outstanding performance made it a regional leader in various aspects for the second consecutive year. SET (including its Market for Alternative Investment, or mai) achieved an average securities trading value of THB 50.33 billion (approx. USD 1.55 billion) per day, the highest in ASEAN and a record high in SET history. Total IPO market value reached THB 346.51 billion (USD 10.66 billion), the highest ever since SET started operations. In addition, the Thai bourse listed the largest IPO in ASEAN – BTS Rail Mass Transit Growth Infrastructure Fund (BTSGIF). Meanwhile, MSCI Global Standard Indices added five Thai stocks in calculating its indices, the highest rise of stocks for this purpose in Asia.

Thai stocks continue to be a regional leader in terms of quality. Three Thai listed companies, the highest number in ASEAN, have been included in the Dow Jones Sustainability Index (DJSI). In addition, Thai listed firms achieved the highest marks on the ASEAN Corporate Governance Scorecard among all ASEAN countries, as evaluated by the Asian Development Bank. These recognitions came because we benchmark ourselves against world-class, well-known standards and due to the sterling cooperation and synergy between SET and all capital market stakeholders, upstream and downstream, and across the board.

In 2013, the Thai bourse initiated innovative products which increased fund mobilization for businesses and improved investment opportunities. These products included the listing of holding companies with their main investments overseas, that is, CK Power plc (CKP) and three infrastructure funds with a combined IPO value of THB 126.89 billion (USD 3.91 billion), namely BTSGIF, Amata B. Grimm Power Infrastructure Fund (ABPIF) and True Telecommunications Growth Infrastructure Fund (TRUEIF).

SET is also continuing to expand its investor base by enhancing the financial literacy of many types of investors nationwide, developing the capability of investment advisers and co-organizing various activities with key intermediary institutions. Consequently, for the whole of 2013, the total number of securities accounts increased to 974,851 accounts, rising from 797,326 accounts in the previous year. To further attract foreign investors, SET successfully organized the “Thailand Focus 2013” event to show international institutional investors the potential and opportunity of the Thai capital market. The event hit record highs, with a total of 186 international investors participating, 112 Thai listed companies presenting information, and over 2,000 meetings organized during the event.

SET continued to develop its infrastructure to support its long-term sustainable growth, such as by implementing its IT Master Plan 2010–2014. After the SET Connect securities trading system went live in 2012, SET developed a trading system for its Thailand Futures Exchange (TFEX) in 2013 and will start implementing it in 2014. The new system will enable the stock market to trade securities and futures on the same platform, and in the long run, will help in developing new products and tools, as well as speed up the vital supervision process. Simultaneously, SET started developing a new clearing and settlement system with real-time connection and higher efficiency, and meeting international standards. The new system will start with TFEX in 2014.



SET is committed to creating a superior working atmosphere for staff, giving high regard to its human resources. In 2013, SET organized **human resource development programs** to sharpen the leadership and management skills and organizational core values of employees, while creating a happy workplace under the project “**Be (e) Happy: Happiness starts with us**”. In addition, SET’s social responsibility annual report was produced following the Global Reporting Initiative.

For 2014 and beyond, our strategic plan, covering 2014–2016, has been designed to ensure our **sustainable expansion**. In 2014, SET will place high priority to increasing the value of its listed companies, individual investors, financial intermediaries, and SET products and services. The Thai bourse will continue to match financial opportunities in the Greater Mekong Subregion and sustainably increase the basic infrastructure and service capabilities. These efforts will enhance SET’s outstanding features and attractiveness in line with SET’s vision of empowering business and investors through our strengths to match the right financial opportunities.



Charnporn Jotikasthira

President



Board of Governors



1. Dr. Sathit Limpongpan

Chairman

2. Pattera Dilokrunghthirapop

Vice Chairman

3. Chaipatr Srivisarvacha

Governor

4. Charnchai Kongthongluck

Governor

5. Kaisri Nuengsigkapan

Governor

6. Rapee Sucharitakul

Governor



7. Sasitorn Phongsathorn

Governor

10. Yothin Nerngchamnong

Governor

8. Suthichai Chitvanich

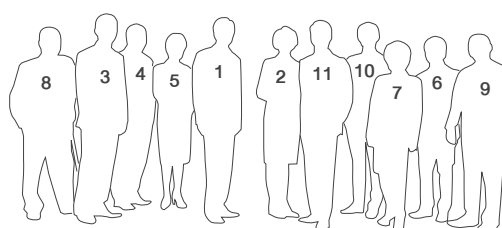
Governor

11. Charamporn Jotikasthira

President

9. Suthep Peetakanont

Governor





Board of Governors

Dr. Sathit Limpongpan Chairman

Education

- Ph.D (Development Administration), National Institute of Development Administration
- M.A. (Economics), Sukhothai Thammathirat Open University
- LL.M., Tulane University, USA (Government Scholarship)
- Barrister-at-Law, Institute of Legal Education of the Thai Bar Association
- LL.B., Thammasat University

Executive education

- Leaders in Development Program : Managing Political & Economic Reform, Harvard University
- Advanced Management Program, University of Oxford
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

Other current positions

- Since 2010 The Vice President of the Honorary Board of Directors, Ramathibodi Foundation
- Since 2010 Member of the Honorable Committee of National Institute of Development Administration's Council
- Since 2009 Member of Chiang Mai University Council

Past experience

- 2009-2013 Chairman, Krungthai Bank PCL
- 2009-2010 Permanent Secretary, Ministry of Finance
- 2009-2010 Chairman, Office of Insurance Commission
- 2009-2010 Chairman, Government Pension Fund
- 2008-2009 Chairman, Thai Military Bank PCL

Pattera Dilokrunthirapop Vice Chairman

Education

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

Executive education

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

Other current positions

- 2014 Chairman, Corporate Governance and Social Responsibility Committee, The Stock Exchange of Thailand
- 2014 Member, Nomination and Remuneration Committee, The Stock Exchange of Thailand
- Since 2010 Chairperson, Association of Securities Companies (ASCO)
- Since 2010 Director, Federation of Thailand Capital Market
- Since 2010 Chairman, Disciplinary Committee, The Stock Exchange of Thailand
- Since 2001 Chief Executive Officer, DBS Vickers Securities (Thailand) Co., Ltd.

Past experience

- 2007-2011 Director, Securities Analysts Association
- 2005-2009 Governor, The Stock Exchange of Thailand
- 2005-2008 Director, Thailand Securities Depository Co., Ltd.
- 2005-2008 Director, SETTRADE.COM Co., Ltd.
- 1998-2001 Managing Director, SG Asia Credit Securities Co., Ltd.
- 1998-2001 Director, Asia Credit Finance PCL

Chaipatr Srivisarvacha Governor

Education

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

Executive education

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

Other current positions

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

Past experience

- 2013 Chairman, Derivatives Investor Protection Fund Committee, Thailand Futures Exchange PCL
- 2010-2011 Board of Director and Chairman of the Audit Committee, Dhanarak Asset Development Co.,Ltd
- 2003-2008 President of the Board, New International School of Thailand (Affiliated with United Nations)
- 2001-2007 Independent Director and Member of the Audit Committee, Thanachart Bank PCL
- 1999 Director and Executive Director, Krungthai Bank PCL
- 1995-1999 Director & Head of Thailand Investment Banking, Salomon Smith Barney
- 1991-1995 Director, Head of Thailand Investment Banking, Swiss Bank/SBC Warburg



Charnchai Kongthongluck Governor

Education

- BBA (Accounting), Thammasat University, Thailand
- MS (Accounting), Thammasat University, Thailand

Executive education

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

Other current positions

Since 2013	Director, Thailand Futures Exchange PCL
Since 2012	Disciplinary of Personnel in Capital Market Industry Committee, Securities and Exchange Commission Thailand
Since 2010	Vice Chairman, Association of Thai Securities Companies
Since 2009	Director, Trinity Watthana PCL
Since 2006	Chairperson, Futures Industry Club
Since 2001	Director and President, Trinity Securities Co.,Ltd.

Past experience

Since 2005–2009	Director, Trinity Polaris Futures Co.,Ltd.
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Kaisri Nuengsigkapien Governor

Education

- MBA, Thammasat University, Thailand
- BA, Thammasat University, Thailand

Executive education

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

Other current positions

2014	Member, Nomination and Remuneration Committee, The Stock Exchange of Thailand
Since 2010	Chairman, Audit Committee, The Stock Exchange of Thailand
Since 2003	Chief Executive Officer, KPMG Thailand
Since 2003	Global Council Member of KPMG International
Since 1985	Certified Public Accountant (CPA) of Thailand

Past experience

2012–2013	Chairman, Remuneration Committee, The Stock Exchange of Thailand
2012–2013	Member, Nomination and Corporate Governance Committee, The Stock Exchange of Thailand
2005–2013	Member, Working Group on Management Accounting, Federation of Accounting Professions
2000–2003	Country Managing Partner, Arthur Andersen Thailand
2000–2003	Advisory member to Global Managing Partner, Arthur Andersen Thailand
2001–2002	Head, Global Corporate Finance, Arthur Andersen Thailand
1996–2002	Advisor on organizational rehabilitation, Arthur Andersen Thailand
1995–1998	Director, Business Consulting Division, SGV-Na Thalung Co., Ltd.

Rapee Sucharitakul Governor

Education

- Master of Laws in Commercial Law, University of Bristol, United Kingdom (under the scholarship of the Bank of Thailand)
- Bachelor of Laws with Honours Class II (Division I), University of Essex, United Kingdom (under the scholarship of the Bank of Thailand)

Executive education

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

Other current positions

Since 2013	Independent Director, Big C Supercenter PCL
Since 2013	Director, Kasikornbank PCL
Since 2012	Chairman, Risk Management Committee, The Stock Exchange of Thailand
Since 2012	Principal Project Advisor, Thai Institute of Directors Association
Since 2012	Advisor to the President, Muang Thai Life Assurance Co., Ltd.
Since 2012	Board of Director, Thai Financial Planners Association
Since 2010	Independent Director, Association of Investment Management Companies
Since 2010	Advisor, Federation of Thai Capital Market Organizations
Since 2000	Eisenhower Exchange Fellowships

Past experience

2009–2012	Director, Thai Institute of Directors Association
2008–2011	Executive Chairman, Kasikorn Asset Management Co., Ltd.
2005–2008	Chairman, Kasikorn Securities PCL
2002–2004	Senior Assistant Secretary-General, Securities and Exchange Commission
1992–2002	Executive Officer, Securities and Exchange Commission
1985–1992	Lawyer, Legal Department, Bank of Thailand



Sasitorn Phongsathorn Governor

Education

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

Executive education

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

Other current positions

2014	Chairman, Nomination and Remuneration Committee, The Stock Exchange of Thailand
Since 2009	Executive Director and President, LH Financial Group PCL
Since 2005	Executive Director and President, Land and Houses Bank PCL
Since 2005	Independent Director, Member of the Audit Committee, Pico (Thailand) PCL

Past experience

2012-2013	Member, Nomination and Corporate Governance Committee, The Stock Exchange of Thailand
2005	Senior Executive Vice President, The Book Club Finance PCL
2004-2005	President, United Securities PCL
2000-2003	Senior Director, United Advisory Service Co.,Ltd
1998-1999	CFO, The Cogeneration PCL
1983-1998	SVP, Dhana Siam Finance and Securities Plc.

Suthichai Chitvanich Governor

Education

- LL., M. Chulalongkorn University, Thailand
- Master of Management at Sasin Graduate Institute of Business, Chulalongkorn University, Thailand
- LL., B. (Hons), Thammasat University, Thailand

Executive education

- Executive Program at U.S. Securities and Exchange Commission, Washington DC.
- Privatization Program at World Bank, Washington DC.
- Berkeley Executive Program at University of California Berkeley, Berkeley
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

Other current positions

2014	Chairman, Legal Affairs Committee, The Stock Exchange of Thailand
Since 2013	Chairman, Securities Investor Protection Fund Committee, The Stock Exchange of Thailand
Since 2013	Member, Derivatives Investor Protection Fund Committee, Thailand Futures Exchange PCL
Since 2013	Member, Risk Management Committee, The Stock Exchange of Thailand
Since 2013	Member, SET Head Office Construction Committee, The Stock Exchange of Thailand
Since 2012	Chairman, Krung Thai Asset Management PCL
Since 2002	Governor and Audit Committee, KTB Law Co., Ltd.

Past experience

2012	Member of the committee for the center of business law study, Faculty of Law, Chulalongkorn University
2011	Member of post Graduate in Law committee, Faculty of Law, Dhurakijpundit University
2002-2009	Senior Vice President, The Stock Exchange of Thailand
2000-2011	Governor of Thai NVDR Co., Ltd.
1996-2011	Governor of Thai Trust Fund Management Co., Ltd.
1989	Member of the committee for drafting the Securities and Exchange Commission Bill, Fiscal Policy Department, Ministry of Finance

Suthep Peetakanont Governor

Education

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

Executive education

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

Other current positions

Since 2013	Member, SET Head Office Construction Committee, The Stock Exchange of Thailand
Since 2012	Director, Thailand Futures Exchange PCL
Since 2012	Member, Risk Management Committee, The Stock Exchange of Thailand
Since 2012	Member, Disciplinary Committee, The Stock Exchange of Thailand
Since 2011	Chairman of the Board of Directors and Chairman of the Board of Executive Directors, Capital Nomura Securities PCL

Past experience

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



Yothin Nerngchamnong

Governor

Education

- Honorary Doctorate in Business Administration, Sripatum University
- MA (Political Science), Ramkhamhaeng University, Thailand
- BA (Political Science), Ramkhamhaeng University, Thailand

Executive education

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

Other current positions

- Since 2013 Director, Dhararak Asset Development Co., Ltd.
- Since 2012 Appointed Member, State Enterprise Policy Board
- Since 2008 Chief Executive Director, Thai Plaspac PCL
- Since 1989 Executive Director, Modernform Tower Co., Ltd.
- Since 1980 Executive Director, Modernform Group PCL

Past experience

- 2012–2013 Member, Risk Management Committee, The Stock Exchange of Thailand
- 2010–2013 Associate Judge, The Central Juvenile and Family Court
- 2009–2013 Member of the Audit Committee and Independent Director (Since 2004), Nation Multimedia Group PCL
- 2011–2012 Adviser to Minister of the Ministry of Commerce
- 1997–2011 Executive Director, MFEC PCL
- 1975–1978 Depot Sales & Operation Manager of Foremost International

Charamporn Jotikasthira

President

Education

- MBA, Harvard University, USA
- BS (Electrical Engineering and Computer Science), Massachusetts Institute of Technology, USA

Executive education

- National Defence Course for the Joint State Private Sector, The National Defence College of Thailand
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

Other current positions

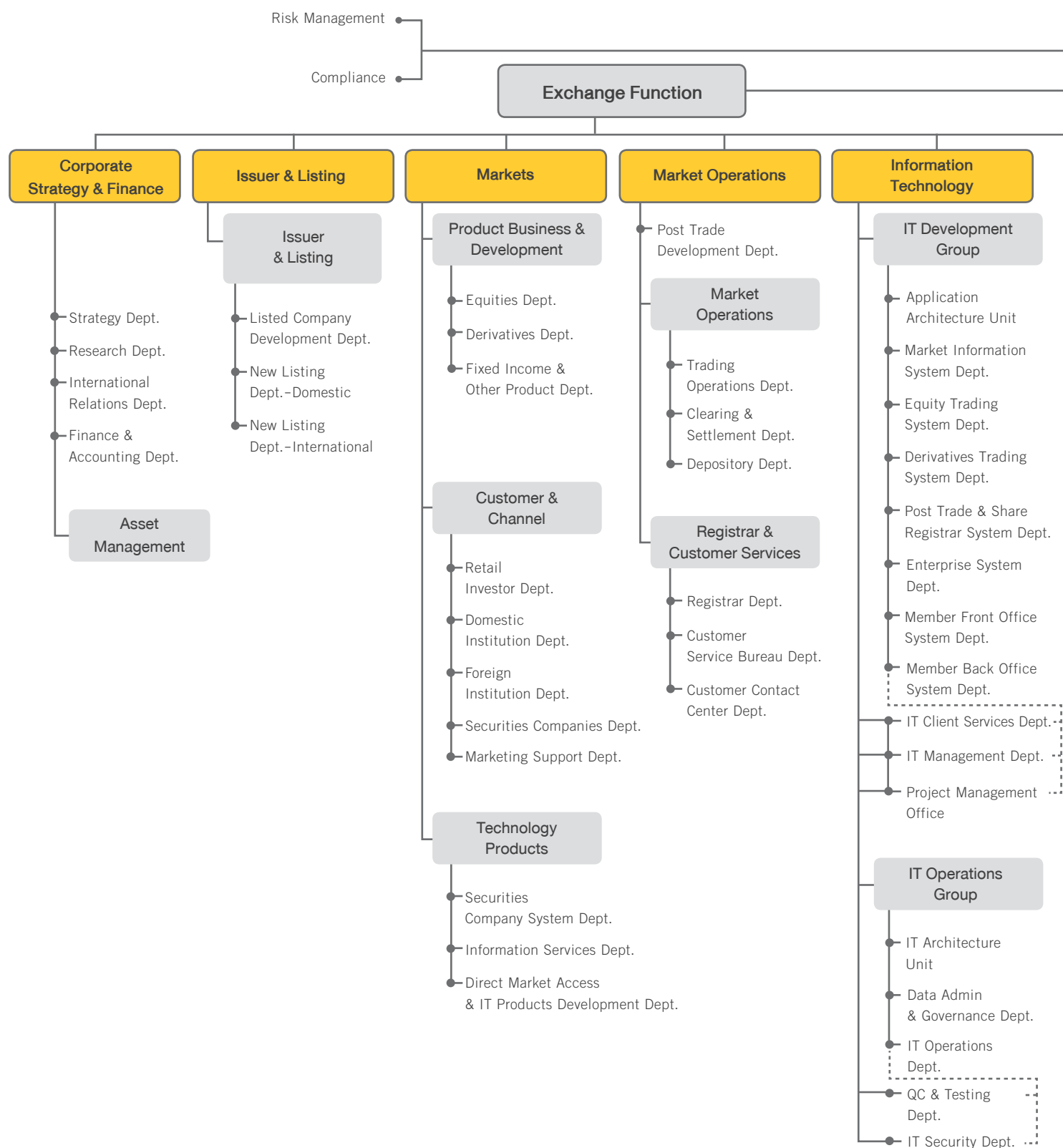
- Since 2013 Director, Corporate Social Responsibility Institute, The Stock Exchange of Thailand
- Since 2012 Board of Directors, College of Management Mahidol University (CMMU)
- Since 2011 Chairman, Electronic Transactions Development Agency (Public Organization)
- Since 2011 Member, The Financial Institutions Policy Committee, Bank of Thailand
- Since 2010 Chairman, Thailand Securities Depository Co., Ltd.
- Since 2010 Chairman, Thailand Clearing House Co., Ltd.
- Since 2010 Chairman, SETTRADE.COM Co., Ltd.
- Since 2010 Chairman, Family Know-How Co., Ltd.
- Since 2004 Director, Foundation for Research in Information Technology

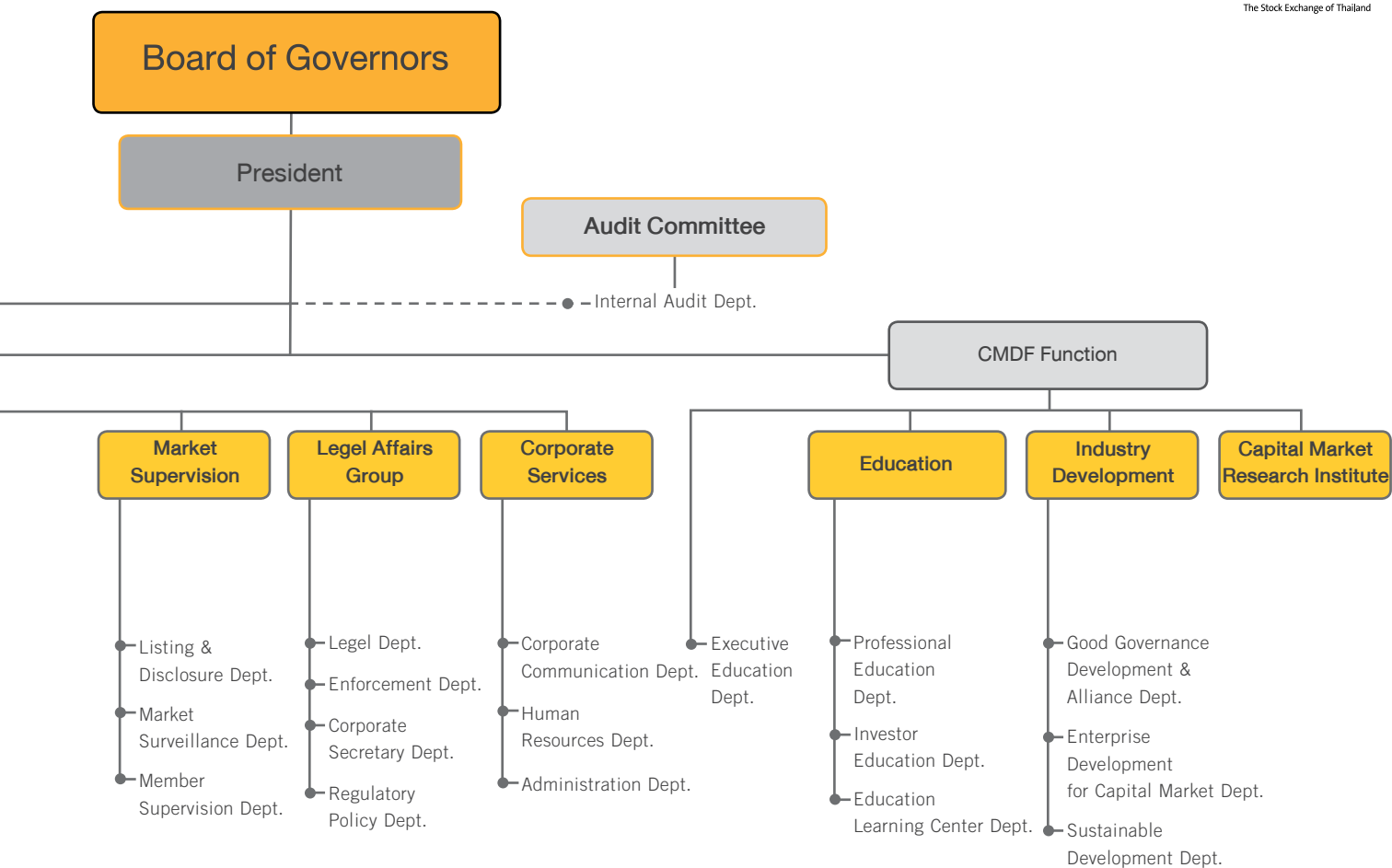
Past experience

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



Organization Chart





As of January 1, 2014



SET Executives



1. Charnporn Jotikasthira

President

2. Bordin Unakul

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

3. Chanitr Charnchainarong

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

4. Chanisa Chutipat

Executive Vice President
Head of Market Operations Division

5. Kesara Manthusree

Executive Vice President
Head of Markets Division

6. Pakorn Peetathawatchai, PhD

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

7. Kirati Kosicharoen

Senior Vice President
Group Head Technology Products

8. Krisada Sektrakul, PhD

Director
Market Education Center

9. Naree Boontharawara, PhD

Senior Vice President
Group Head Asset Management



10. Pannaporn Sapsomboon

Senior Vice President
Group Head IT Development

11. Paveena Sriphothong

Senior Vice President
Group Head Issuer & Listing

12. Sakkarin Ruamrangsri

Senior Vice President
Head of Legal Affairs Division

13. Supakit Jirapraditkul

Senior Vice President
Head of Market Supervision Division

14. Thirapun Sanpakit

Senior Vice President
Group Head IT Operations

15. Udomwara Dechsongjarus

Senior Vice President
Group Head Market Operations

16. Yupawan Sirichainarumitr

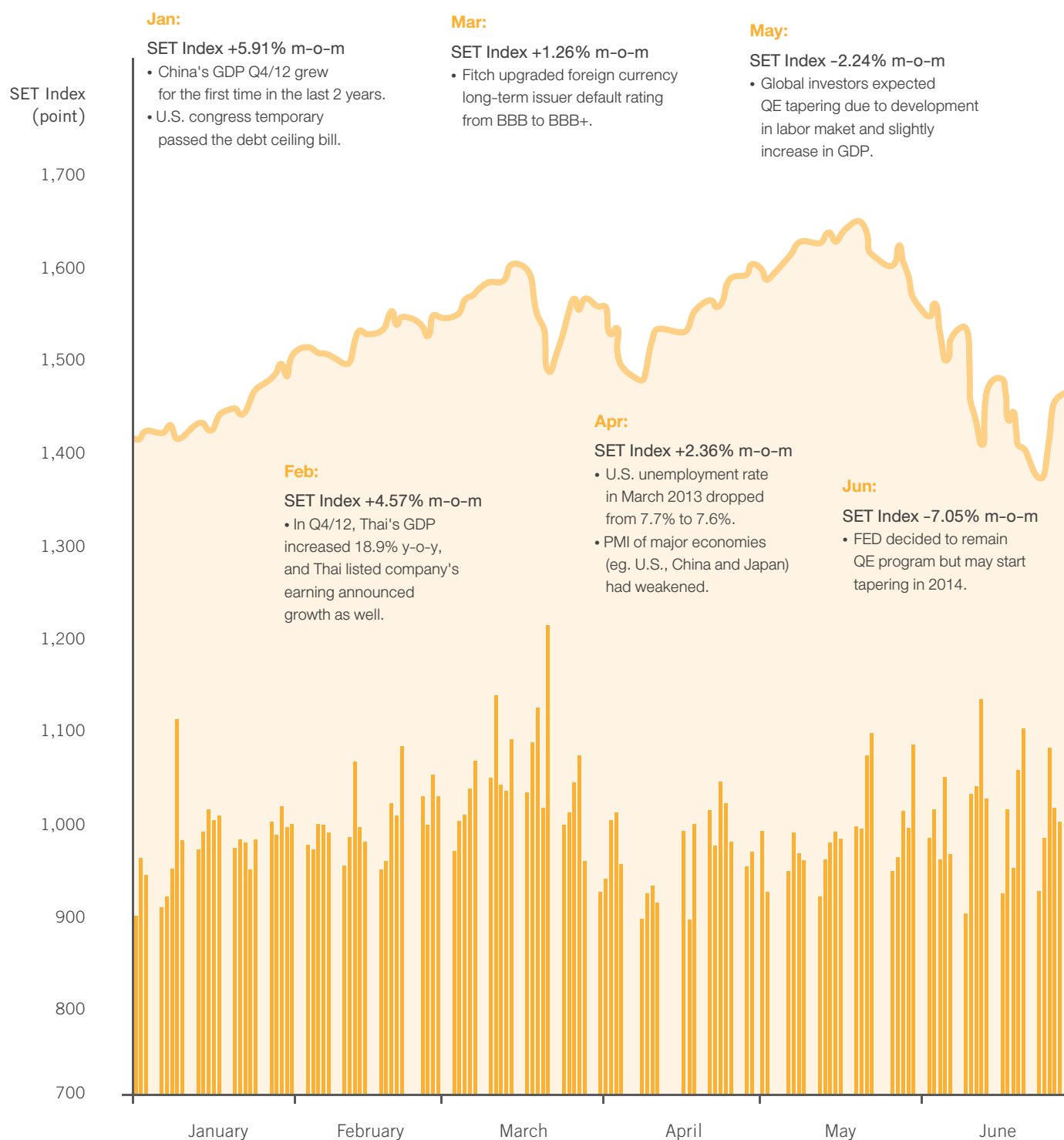
Senior Vice President
Group Head Registrar and
Customer Services



As of January 1, 2014



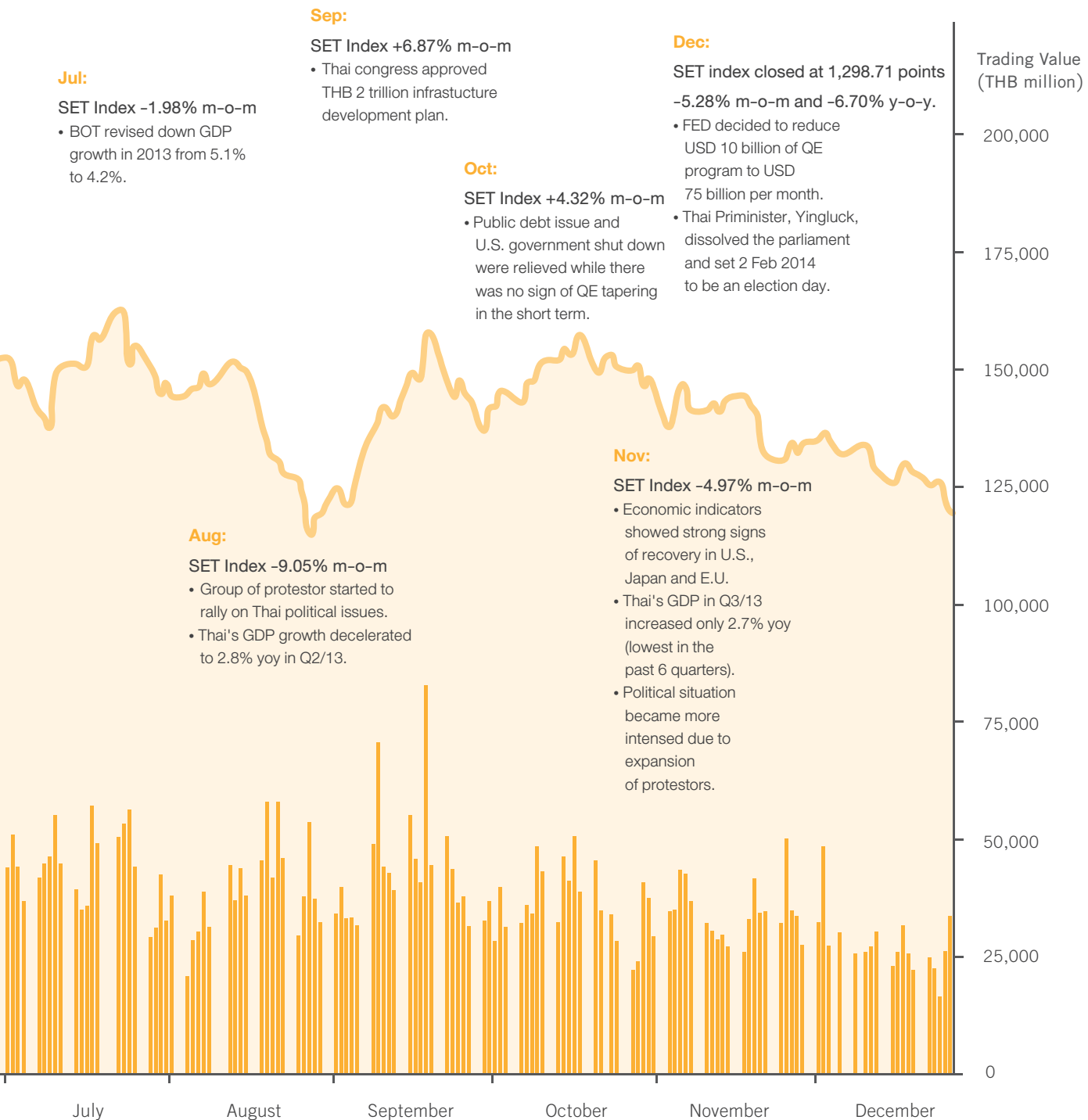
SET market movement 2013



Note: m-o-m: percentage change compared to previous month / y-o-y: percentage change compared to previous year



— SET Index (point) — Daily average trading value (RHS)(THB million)





SET Group Financial Highlights

(In Million Baht)

	2013	2012	2011	2010	2009
Consolidated statements of revenues and expenses					
Total revenues	5,302	4,499	4,135	4,101	3,209
Operating revenues	4,309	3,365	3,245	2,639	2,112
Other income	993	1,134	890	1,462	1,097
Total expenses	2,976	2,599	2,545	2,482	2,606
Revenues over expenses, net	1,661	1,365	1,110	1,128	457
Consolidated statements of cashflows					
Net cash provided by (used in) operating activities	1,096	621	512	244	(49)
Net cash provided by (used in) investing activities	(329)	118	(651)	(22)	99
Consolidated statements of financial position					
Total current assets ¹	22,965	16,077	16,502	10,295	8,767
Long-term investments	5,126	8,315	5,329	8,296	6,090
Total assets	34,039	29,937	27,019	23,418	20,692
Total current liabilities ¹	11,515	8,596	7,494	4,988	3,884
Total liabilities	13,386	10,451	9,151	6,299	4,928
Fund balances	20,653	19,486	17,868	17,119	15,764
Key financial ratio					
Revenue growth (%)	17.85	8.80	0.83	27.80	13.75
Operating revenue growth (%)	28.05	3.70	22.96	24.95	9.83
Expense to revenue ratio (%)	56.13	57.77	61.55	60.52	81.21
Net profit margin ² (%)	31.33	30.34	26.84	27.51	14.24
Return on fund balance (%)	8.04	7.01	6.21	6.59	2.90
Current ratio (Times)	1.99	1.87	2.20	2.06	2.26
Debt to fund ratio (Times)	0.65	0.54	0.51	0.37	0.31
¹ Other current assets and other current liabilities included margin deposits and benefits at the same amount. (as the guarantee for derivative contracts of the clearing house) Assets / payables of margin deposits and benefits					
	9,362	6,810	6,053	3,612	2,835
² Net profit margin calculated by revenues over expenses, net / total revenues					



Thai Bourse's 2013 Performance

During the first half of 2013, the Thai stock market index (SET Index) soared and reached a 20-year record high at 1,643.43. The daily trading value of Stock Exchange of Thailand (SET) and Market for Alternative Investment (mai) marked its highest level since the markets opened and among the ASEAN stock markets for the second successive year. Nevertheless, since May, the uncertainty surrounding the U.S. Federal Reserve's tapering of quantitative easing (QE) and improved signs of recovery among major advanced economies increased market volatility and triggered a global portfolio rebalancing. As a result, the SET Index ended 6.7 percent lower from the previous year.

Overview

The Thai stock markets in 2013 achieved major milestones on both domestic and international fronts. SET and mai activities were bullish in the first half of 2013, benefiting from stimulative unconventional monetary policy in the US and Japan. The SET Index reached a 20-year historical high at 1,643.43 on May 21, 2013.

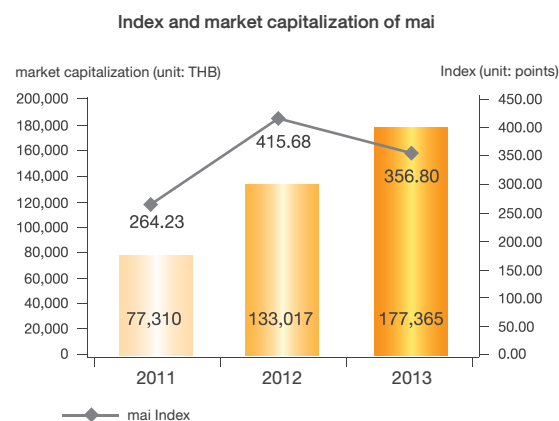
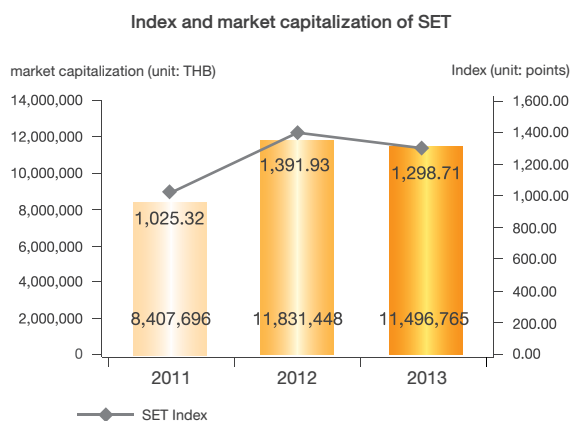
Moreover, Thai capital markets attained several regional achievements, including:

- The average daily trading value of SET and mai surged to THB 50,329 million (USD 1,533 million), an all-time high and the highest level among ASEAN countries;
- The market capitalization of initial public offering (IPO) reached SET's record high at THB 346,506 million (USD 10,557 million), the highest level among regional stock markets. This was bolstered by the launch of the BTSGIF infrastructure fund of THB 62,510 million (USD 1,904 million), the largest IPO in ASEAN;
- The number of Thai stocks added to the leading global indices proved to be the highest in ASEAN with five Thai stocks added to the MSCI global standard index and three Thai stocks to the Dow Jones Sustainability Index (DJSI);
- Thai listed companies topped the ASEAN corporate governance scorecard.

However, the Thai stock markets were affected by uncertainties of QE tapering and domestic political turmoil in the second half of 2013. Since May, the uncertainty of QE tapering and signs of recovery among major advanced economies lifted market volatility and triggered global portfolio rebalancing. As a result, several systemically relevant emerging markets faced strong capital outflow pressure. Meanwhile, renewed domestic political turmoil in October dented investor confidence over the growth of the Thai economy, amid the delay of massive infrastructure development plan. As a result, the SET Index in 2013 ended at 1,298.71, down 6.70 percent from the previous year. The mai also fell 14.16 percent and settled at 356.80 end-2013.



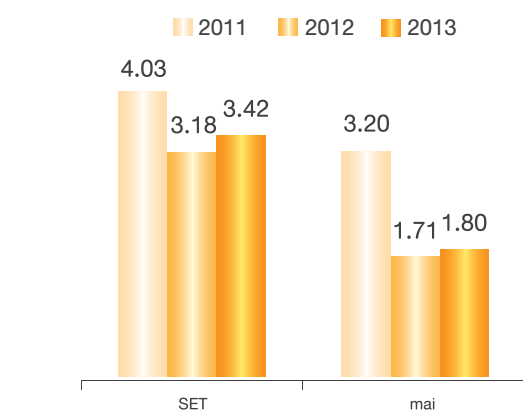
Index and market capitalization of SET and mai



SET's market capitalization mirrored the change in the SET Index, though mai's continued to expand. SET's market capitalization peaked at THB 14,094,541 million (USD 429,411 million) on May 21, 2013, then dropped to THB 11,496,765 million (USD 350,266 million) at end-2013, down by 2.83 percent from end-2012. Nonetheless, mai's market capitalization grew by 33.34 percent to THB 177,365 million (USD 5,404 million) end-2013, supported by an increase in the number of listed companies.

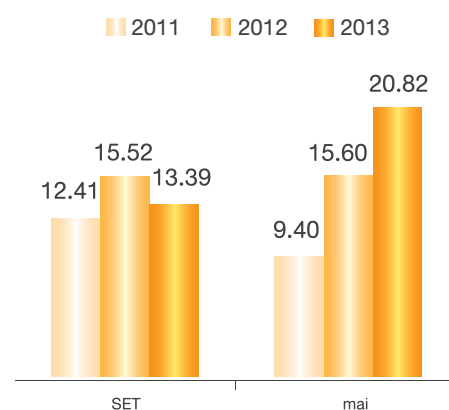
The dividend yield of SET and mai slightly increased to 3.42 and 1.80 percent consecutively. However, SET's forward P/E ratio in 2013 declined to 13.39 from 15.52 in 2012. mai's forward P/E ratio, on the other hand, rose to 20.82 in 2013 from 15.60 in 2012.

Dividend yield (unit: percent)



Source: Bloomberg

Forward P/E ratio (unit: times)





Trading Activities

Trading value in 2013 marked a record high for SET and exceeded those of other ASEAN stock markets for the second successive year. The daily average trading value of SET and mai in 2013 was at THB 50,329 million (USD 1,533 million), up by 55.80 percent from the previous year. The value was the SET's all-time high and the highest level among ASEAN stock markets for the second successive year. More strikingly, the daily average trading value of SET and mai peaked at THB 101,362 million (USD 3,088 million) on March 22, 2013 which proved the ability of the new trading system "SET CONNECT" that it could handle more than three times as much as the normal trading volume flawlessly.

Trading value of SET and mai

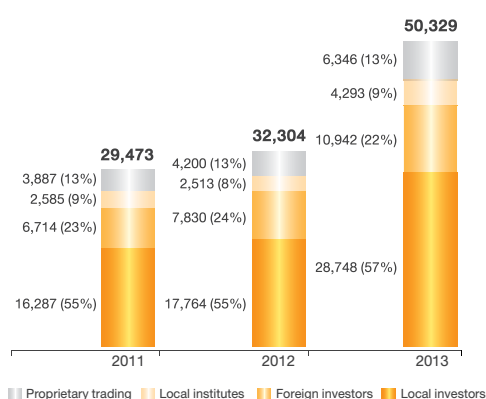
Trading value (unit: THB million)	2013	2012	2011
Trading value of SET	11,777,210	7,615,638	7,040,458
Trading value of mai	553,459	298,929	151,023
Total trading value	12,330,669	7,914,567	7,191,481
Daily average trading value	50,329	32,304	29,473
Trading value growth (y-o-y)	55.80%	9.61%	1.40%

Source: SETSMART

All types of investors contributed to more active equity trading in 2013. Daily average trading value by local institutes rose 70.82 percent to THB 4,293 million (USD 131 million) or about 8.53 percent of total trading value. Likewise, retail investors' daily average trading value went up 61.83 percent to THB 28,748 million (USD 876 million) or 57.12 percent of total trading value. Trading value by proprietary traders increased by 51.12 percent, averaged at THB 6,346 million (USD 196 million) and accounted for 12.61 percent of total trading value. The daily trading value by foreign investors in 2013 averaged at THB 10,942 million (USD 333 million), up by 39.73 percent, although the share of foreign investors' trading value shrank to 21.74 percent of total trading value.

Local investors proved to be net buyers, whereas foreign investors net sellers. Local retail investors and institutes recorded net buy positions of THB 88,843 million (USD 2,707 million) and THB 107,102 million (USD 3,263 million) in tandem. Foreign investors, however, pulled THB 194,702 million (USD 5,932 million) in net terms out of Thai stock markets. Proprietary traders posted THB 1,743 million (USD 53 million) in net sell position.

Trading value combined SET and mai by investor type (units: THB million, percent)



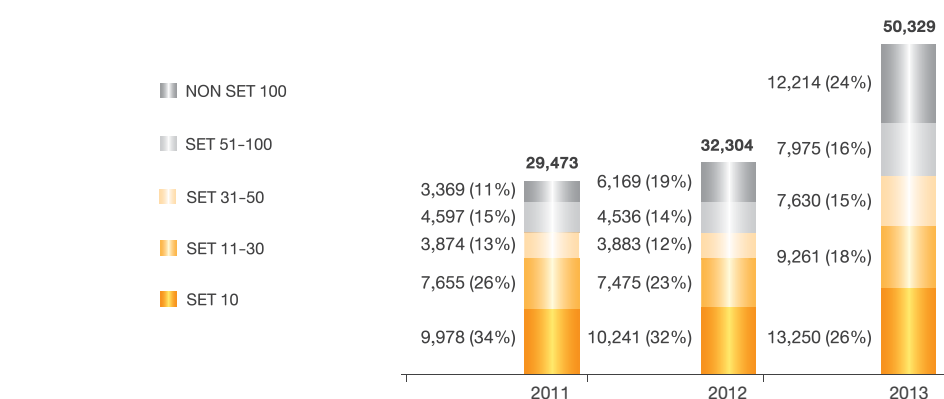
Net position combined SET and mai by investor type (unit: THB million)





Trading value of all Thai stocks significantly increased; in particular, that of smaller stocks doubled. In 2013, non-SET 100 stocks recorded the daily average trading value of THB 12,214 million (USD 372 million), up by 97.99 percent from the previous year, and its share of total trading value increased to 24.27 percent. The daily trading value of SET 31-50 and 51-100 stocks rose by 96.49 and 75.80 percent to THB 7,630 million (USD 232 million) and THB 7,975 million (USD 243 million), respectively. Their shares of total trading value accounted for 15.16 and 15.84 percent of total trading value. Larger stocks also traded more, but their trading value (as share of total trading value) was lower. SET 10 and SET 11-30 daily trading value stood at THB 13,250 million (USD 404 million) and THB 9,261 million (USD 282 million), increasing by 29.39 and 23.89 percent respectively. Nonetheless, these SET 10 and SET 11-30 trading values as shares of total trading fell to 26.33 and 18.40 percent, respectively.

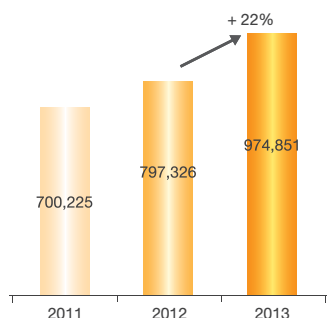
Trading value combined SET and mai by stock type (units: THB million, percent)



The number of trading accounts and trading value per account were at record highs. The number of trading accounts amounted to 974,851 accounts end-2013, up by 22.27 percent. The number of active accounts was relatively stable at around 26 percent of total trading accounts. Trading value per account in 2013 rose to THB 3.89 million (USD 0.12 million), compared to THB 3.37 million (USD 0.10 million) in 2012. Likewise, internet trading activities continued to grow. The active internet trading in 2013 reached 160,842 accounts, up by 53.36 percent. The internet trading value accounted for 31.60 percent of total trading value.



**Trading accounts combined
SET and mai (unit: accounts)**



**Trading value combined
SET and mai by channel (unit: percent)**



Source: SETSMART

Derivatives Trading

Derivatives market expanded favorably. In 2013, trading volume of Thailand Futures Exchange Plc (TFEX) averaged at 68,017 contracts per day, up by 55.21 percent. The increase was from the rise in trading activities on single stock futures and SET50 index futures. Single stock futures trading tripled from the last year at an average of 34,351 contracts per day. SET50 index futures also rose 41.00 percent from last year to 23,218 contracts per day. Derivatives trading investors grew satisfactorily. The number of derivatives trading accounts increased 8.41 percent in 2013, and amounted to 87,693 accounts.

Daily average trading volume of TFEX (unit: contracts)

Products	2013	2012	2011
SET 50 Index Futures	23,218	16,467	17,690
SET 50 Index Options	267	221	443
Single Stocks Futures	34,351	8,849	6,468
50 Baht Gold Futures	2,253	4,267	7,449
10 Baht Gold Futures	6,757	10,601	8,901
Oil Futures	190	603	64
Silver Futures	5	60	236
Interest Rate Futures	0	0	2
USD Futures	977	2,751	n.a.
Sector Index Futures	0	4	n.a.
Total	68,017	43,823	41,145
Trading volume growth (y-o-y)	55.21%	6.51%	120.31%

Source: SETSMART



Equity Capital Raising

Equity capital raising reached its highest level since the Thai stock markets opened and considers the largest equity capital raising market in ASEAN region. Companies listed in both SET and mai raised about THB 339,891 million (USD 10,355 million) in 2013, an increase of 31.69 percent from the previous year. Of which, the initial public offerings accounted for THB 191,600 million (USD 5,837 million), in term of market capitalization at THB 346,506 million (USD 10,557 million), from 28 newly listed companies (13 companies in SET and 15 companies in mai), 7 property funds, and 3 infrastructure funds including

- BTS Rail Mass Transit Growth Infrastructure Fund (BTSGIF)—the largest IPO in ASEAN of around THB 62,510 million (USD 1,904 million),
- TRUE Telecommunications Growth Infrastructure Fund (TRUEIF) of THB 58,080 million (USD 1,770 million), and
- Amata B. Grimm Power Plant Infrastructure Fund (ABPIF) of THB 6,300 million (USD 192 million).

In addition, capital raising in the secondary market totaled at THB 148,291 million (USD 4,518 million).

Thai stock market also expanded its role as a regional connector. In 2013, CK Power plc, a holding company whose main activity includes a hydropower power plant, Num Nguem Dam 2, in Lao PDR, listed in the Thai stock market. This listing of a holding company with its core business abroad was the first of its kind at SET.

Capital raising of SET and mai

	Value* (unit: THB million)			Number of companies		
	2013	2012	2011	2013	2012	2011
Initial public offering	191,600	52,467	18,463	38	24	16
Secondary offering	148,291	205,641	64,860	178	133	117
Total	339,891	258,108	83,323	216	157	133

Source: SETSMART

*calculated by IPO price x number of newly issued equity

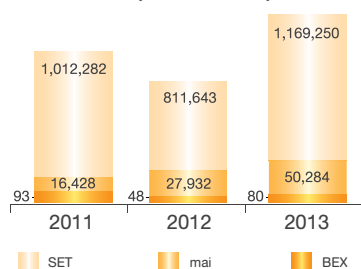


Post-trade operational review

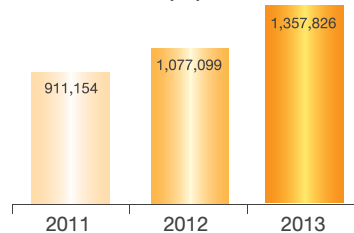
	2013	2012	2011
Securities Depository			
Number of Depository Participants (Participants)	733	698	667
Brokers	37	37	37
Banks	34	34	33
Issuers	627	592	573
Others	35	35	24
Number of Securities Deposited in the Securities Depository System (Securities)			
Common Stock (including Derivative Warrant & Unit Trust) and Corporate Bond	2,073	1,804	1,145
Government Bond	495	510	453
Securities Clearing and Settlement			
Number of Clearing Member			
Equity & Debt	86	87	89
Derivatives	42	42	42
Securities Registration			
Number of Companies in the Securities Registration System (Companies)	621	592	648
Number of Securities in the Securities Registration System (Securities)	1,429	1,421	1,038
Fund Registration			
Number of Employers	4,813	4,566	4,264
Number of Provident Fund Members	966,961	1,052,759	935,404
NVDR Turnover			
Turnover (Million Share)	136,539	80,629	63,956
Value (Million Baht)	2,444,598	1,565,215	1,402,821.98
Number of Securities (Securities)	695	638	624



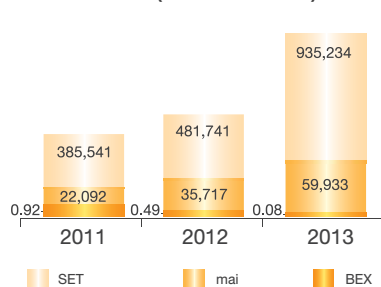
Total value of securities clearing and settlement (THB million)



Number of investors using e-Dividend service (ID)



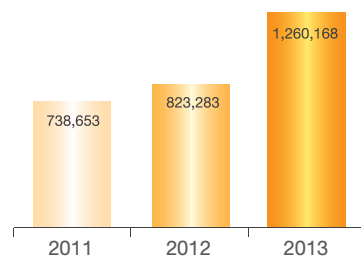
Total Volume of securities cleaning and settlement (million shares)



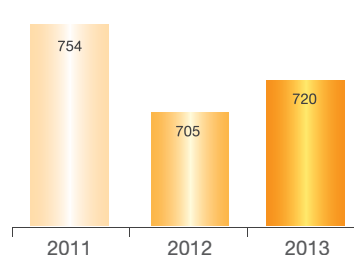
Number of Companies/Number of Securities in Securities Registrar System



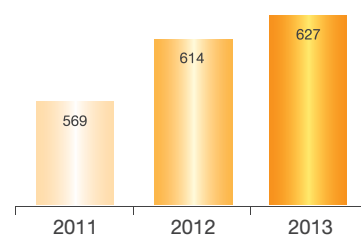
Volume of securities in the securities depository (million shares)



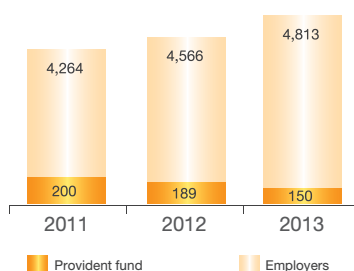
Number of Securities under e-Dividend Service



Number of Companies in Issuer Account Project (Companies)



Number of Provident fund Member/ Number of Employers





Business Operation of SET

Vision/mission and business goal

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

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

Business overview

The Stock Exchange of Thailand (SET) is the only stock exchange providing full-coverage exchange services and promoting capital market development in Thailand. SET group has core businesses as follows:

Exchange business

1. Securities market

Trading and listing: SET provides securities trading service for equity and bond instruments. SET in primary market, provides listing service for companies raising funds through SET and Market for Alternative Investment (mai) which are secondary markets for investors to trade securities in Thailand. As of December 31, 2013, there were 489 companies listed on SET and 95 on mai. SET also lists other types of securities, e.g., warrants, derivative warrants (DW) exchange-traded funds (ETF) and bonds.

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

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

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



2. Derivatives market

SET operates a derivatives market that trades derivatives products of which underlyings include securities, commodities, foreign exchange and interest rate. SET is also a clearinghouse for transactions occurring in the derivatives market. In addition, SET supervises investors' trading activities and market participants to ensure that the market is fair, orderly and transparent.

3. Technology services

SET provides both front and back member services, e.g., Front Office Service Bureau (FSB), Internet trading system and Back Office Service Bureau (BSB). These services help market participants to expand their business with an economy of scale and to shorten their development time for new products and services. SET's Internet trading system (SETTRADE) is well recognized and is utilized by 32 out of 34 brokerage firms in Thailand.

In addition, SET develops and disseminates stock indexes, and also provides trading market data and listed companies' information for data vendors and investors so that investors can utilize them for investment decisions.

4. Registrar services

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

Furthermore, SET also has secured data storage and processing system with the corresponding back-ups ready for securing the continuity of our services. Our vault and data management systems have been in place to secure the rights of the securities holders and for verification and risk minimizing purposes.

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

Capital market development

SET is committed to promoting long-term development of Thai capital market and becoming a pillar for sustainable capital market development which enhance competitiveness of Thai economy and support capital market's stakeholders and Thai society. SET has set four major missions as follows:

1. Capital market education

SET organizes the educational development into four aspects according to target groups which are 1) Professional Education, 2) Investor Education, 3) General Public Education, focusing on financial literacy for Thai people and education center, e.g., Maruey Knowledge & Resource Center and SET Investment Center, and 4) Executive Education, focusing on educating public sector and business leaders about capital market and building a network among capital market leaders in GMS and ASEAN.

2. Sustainable development

SET promotes Corporate Governance (CG) to be on par with international standards and Social Responsibility (SR) to be integrated in business operation and to build ecosystem which can support SR in Thai capital market. For example, SET will encourage local institutional investors to invest professionally and fairly. SET will build an SR hub for government, educational



organization and Thai people. SET will also encourage listed companies to invest in Social Enterprise (SE) and work towards meeting criteria defined by Dow Jones Sustainability Index.

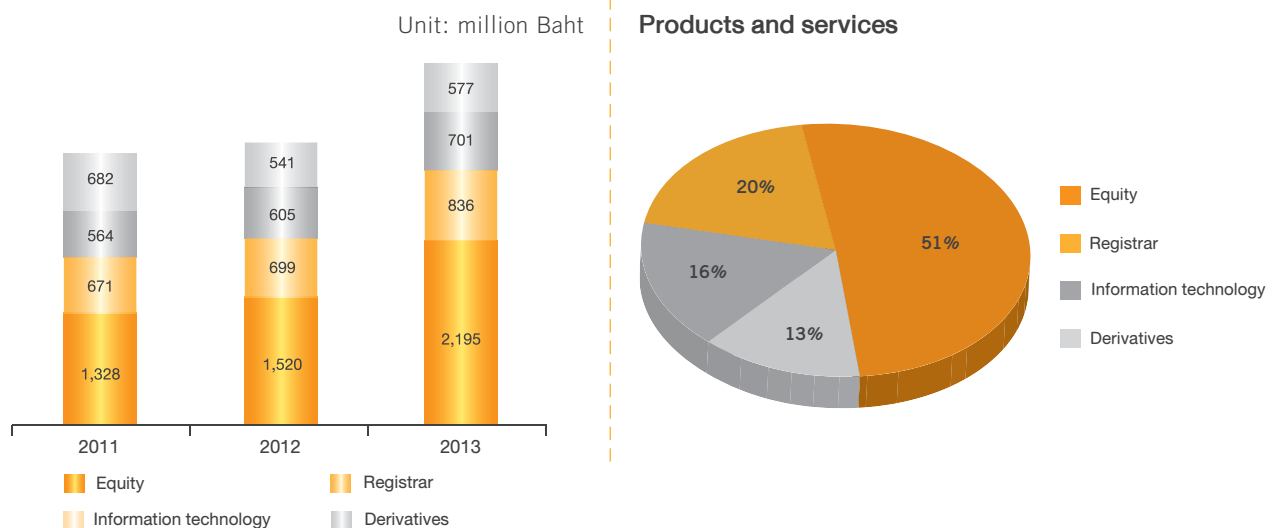
3. Capital market development infrastructure

SET fortifies capital market's infrastructure for Thai economy and society, e.g., supporting projects of Thai capital market associations and advocating changes in rules and regulations which are barriers of capital market development.

4. Capital market research

SET will conduct and disseminate in-depth capital market research and leading indicators of Thai capital market to benefit stakeholders and Thai people. In addition, SET will continue to establish a platform where market practitioners and academic researchers contribute the knowledge for the long-term development of Thai capital market.

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



Business competition

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

Currently, exchanges abroad continually develop new IT system to meet and be flexible to limitless market demand and achieve flawless execution. They also build global trading network and develop services for new trading order type to attract investors.

Furthermore, there are new types of competitors that have grown abroad and are possible to expand to Thailand in the future, e.g., Alternative Trading System (ATS) and order internalization. Trends of merger and acquisition (M&A) and cross ownership among global exchanges during past 5 years are also possible to affect SET competitiveness in the long run.



Significant developments of The Stock Exchange of Thailand in 2013

In 2013, the Thai capital market enjoyed exceptional achievements to become No. 1 in the Association of Southeast Asian Nations (ASEAN) region in various dimensions. These results were in line with SET's clear vision on **"Empowering business and investors through our strengths to match the right financial opportunities"** which has been developed into its mission, strategic plan and action plan, and then implemented accordingly. Committed to becoming the regional frontrunner, the Thai bourse has visibly improved its quality performance, attracting new investors while helping enhance other capital markets in the region continuously from 2012 onwards.

It was significant that in 2013, the stock market set out business plans for five key areas, covering: 1) Expand the investor base, 2) Grow market capitalization, 3) Become the gateway to the Greater Mekong Subregion, 4) Develop new product and service platforms and 5) Upgrade infrastructure for growth.

One of SET's significant developments in 2013 was to support Thai companies' expansion in the region and open opportunities for Thai businesses with overseas investment to mobilize funds from the Thai capital market. Thus, in 2013, SET successfully listed CKP Power Limited (CKP), a Thai holding company with its main investment overseas, running a power plant in Laos. The holding company listing has created a new fund-mobilizing tool for businesses and increased opportunities for investors. SET also supported the listing of three infrastructure funds namely BTS Growth Infrastructure Fund (BTSGIF), Amata B Grimm Power Infrastructure Fund (ABPIF), and True Telecommunications Growth Infrastructure Fund (TRUEIF).

Moreover, SET has expanded the products to be used as underlying assets for derivative warrants (DW) from components of the SET 50 Index to those of the SET 100 Index with a market value of at least THB 10 billion to respond to investor needs and shortened the DW listing consideration period to three trading days. As for Thailand Futures Exchange (TFEX), SET has expanded the underlying stocks of stock futures to include components of the SET 100 Index, increasing the number of underlying stocks to 60. The regulations for stock futures have been amended to be more appropriate and flexible by increasing the position limit for contracts of underlying securities and decreasing the minimum size required for block trade transactions for contracts with high notional value. These amendments have enabled investors to use stock futures to manage their investment portfolio more efficiently.

To improve its infrastructure to support the long-term growth of Thai capital market, SET has continuously proceeded with **the 5-year IT Master Plan (2010-2014)**. After launching SET CONNECT, the new securities trading platform, in 2012, SET in 2013 developed the trading infrastructure for the derivatives market, aiming to go live in 2014, enabling investors to trade both securities and derivatives on the same platform. In the long term, the new platform will accelerate the development of new products and services. Moreover, SET has increased its services to connect Direct Market Access (DMA) with an additional 13 member companies in 2013, resulting in a 133 percent increase from 2012.

At the same time, the stock exchange began developing a new clearing system, meeting international standards and yielding the highest efficiency. Connecting to the real-time trading system, this new clearing system will be introduced in 2014.

SET groups: Five business plans to make Thai capital market the regional frontrunner

1) Expand investor base

SET concentrated on expanding the prudent investor base, especially that of domestic individual investors. The key targeted customers were 1) savers, reached through collaborative programs with commercial banks, 2) online users, reached through electronic information and expertise dissemination in soft copy format 3) potential investors in provinces, especially in urban areas of cities in each region. SET also expanded retail investor base via mutual funds, investment institutions, and overseas investors. In 2013, SET could increase 177,525 securities accounts, higher than the original target of 158,000 accounts, while derivatives accounts rose by 12,729 accounts.

Target savers through commercial banks, securities companies and financial institutions.

SET has continued the “Banker to Broker” campaign by continuously teaming up with financial institutions, including nine commercial banks and nine securities subsidiaries, to provide comprehensive wealth management training programs to persuade bank savers to invest in the stock market. These are Bangkok Bank pcl, Bank of Ayudhya pcl, Krung Thai Bank pcl, Kasikornbank pcl, Kiatnakin Bank pcl, CIMB Thai Bank pcl, TISCO Bank pcl, Siam Commercial Bank pcl and Thanachart Bank pcl. The campaign has created 46,000 new accounts of securities investors from the bank savers. The program also provided trainings and skills enhancement on investment portfolio management for 2,266 commercial bank staff members nationwide. In addition, the Thai bourse collaborated with 20 securities companies under the “Your 1st Stock” campaign to improve investment expertise of new investors by organizing seminars, listed company visits and electronic communications via www.set.or.th/yourfirststock. The campaign and other activities added more than 95,000 investors to the market.





In the derivatives market, SET worked with 22 securities companies to promote investment skills among targeted groups, including both new and experienced investors. SET organized quarterly **TFEX Open Houses**, providing training on securities transaction techniques and hosting TFEX Challenge, which focuses on seminars, in-depth training, in order to promote the project broadly. SET also disseminated information via online media and the www.tfex.co.th website, cooperated with member companies to train investment consultants and sponsor awards as incentives for self-development, thus expanding the investor base. Consequently, futures saw a net increase by 12,729 accounts in 2013.



Expand online investor base

To promote online trading by offering online trading information and electronic learning, SET has worked with 20 securities companies to create an investment game which simulates actual stock trading, entitled the **Click2win Campus League**, in corporation with 18 colleges nationwide to train 5,765 students and open opportunities for more than 68,000 people to play this stock investment simulation game. Training activities were organized continuously throughout the year, resulting in the creation of online accounts in 2013 of 157,564 accounts.



Concentrate on expanding quality investor base nationwide

SET joined hands with financial institutions and local business organizations to organize activities promoting investment expertise nationwide under the campaign called “**Mobile SET-TFEX to Connect Investment to the Regions**” and “**Money Expo**” in seven provinces with high potential, namely Chiang Mai, Chiang Rai, Chonburi, Hat Yai, Nakhon Ratchasima, Surat Thani, and Udon Thani. In 2013, “**SET in the City**”, SET’s flagship financial expo, was organized in Bangkok to promote the capital market.

These events created a total of 35,584 investment transactions in 2013 with more than 163,400 participants. More than seven million people have been informed of the campaign concepts and activities via public relations and various media channels including “SETactivity” mobile application.



Expand the investor base via mutual funds and investment institutions

SET collaborated with the Securities and Exchange Commission, the Association of Investment Management Companies and 18 fund management companies to set up the **“Let Money Work via Mutual Funds”** project, which has been organized continuously for 10 years. The theme of the campaign in 2013 was **“Invite Thais to Use Mutual Funds”, created to make mutual funds popular investment tools to manage savings prudently**. The campaign was carried out through a series of integrated marketing communications activities, resulting in an increase in number of mutual fund investors and net asset value, particularly net asset value of equity funds, which increased to THB 461 billion, a 21.5 percent rise from the previous year.

Moreover, SET has encouraged office workers to map out their retirement plans using provident funds and selecting **“Employee’s Choice” investment alternatives plan under the program called “Employee Wealth Creation: Wealth Creates Jobs and Happiness”**. SET organized activities for provident fund member committees, representatives from the public and sectors and state enterprises, as well as private companies, for a total 149 organizations.



Expand foreign investor base



In the third quarter of 2013, SET organized the seventh **“Thailand Focus”**, jointly with Phatra Securities pcl and Bank of America Merrill Lynch, under the theme **“Connecting to New Investment Frontiers.”** This grand event was to reaffirm the Thai capital market’s lead role in fulfilling the demand for funds and investment opportunities in the region. International institutional investors had the opportunity to visit top management of

leading listed firms from throughout the Greater Mekong Subregion (GMS), More than 1,300 participants from local and international institutions and SET-listed companies, together with 120 companies from GMS, presented their profiles and strengths during the event. About 180 local and international institutions joined **“Thailand Focus”**, marking a historic high. There were more than 2,500 meetings, a record high, between institutional investors, listed companies, and stock exchanges during the three-day event.





Roadshows to attract investors from emerging countries, investment groups and large funds.

SET proactively worked with the public and private sectors to expand the foreign investor base and increase their investment in the Thai capital market. The targeted foreign investors were in countries with potential and those already invested here. In 2013, SET organized five roadshows in Asia, Europe,

Middle East, and United States. In Asia, SET went to Singapore, Malaysia and Japan. In Europe, SET visited England, Scotland, Sweden, Denmark, Germany, and the Netherlands, as well as in United States. At the same time, SET met large funds in the Middle East, Japan, Europe and China, such as the Abu Dhabi Investment Authority (ADIA), China Investment Corporation (CIC), SAFE Investment Company (SAFE), Kuwait Investment Authority (KIA), Qatar Investment Authority (QIA) and Government Pension Investment Fund (GPIF), among others. The meetings were to present overall pictures of Thai capital market, inviting investment and listen to the fund managers' views on Thailand.

2) Grow market capitalization

Increase number of large listed companies with quality

The year 2013 reflected SET's important role in continuously encouraging quality companies to raise funds through initial public offerings and listing. It was the year that saw market capitalization and funds mobilized reach their highest levels in 10 years, at THB 346.51 billion (at IPO prices) and THB191.60 billion, respectively. There were 38 IPOs, 13 companies listed on SET, 15 on Market for Alternative Investment, seven property funds, a record high of property funds listed on SET in term of number. Moreover, SET listed three large-scale infrastructure funds with a market capitalization at offered selling price of THB126.89 billion, including BTSGIF, the largest IPO in ASEAN with a market capitalization value of THB 62.51 billion.





The year 2013 was also a year for mai's outstanding success, with 15 newly-listed companies having a combined market capitalization at IPO price of THB 44.98 billion, while funds mobilized of THB 8.02 billion. It was the first year in mai history that mai had two newly-listed companies with market capitalization of each over THB10 billion, namely Energy Absolute pcl (EA) with the market value of THB 20.52 billion and Mono Technology pcl (MONO) with market value of THB 15.96 billion. This demonstrated the successes and accomplishments from mai's 14 years of operation in opening up opportunities for small and medium-sized enterprises to access capital to ensure long-term and quality expansion.



SET continued to proactively promote fund mobilization and investment in property in line with international standards by issuing regulations for real estate investment trusts, replacing fund mobilization via property funds. SET also co-organized seminars to provide in-depth information about the REIT regulations in order to enhance companies having potential to be ready for listing.

Encourage medium- and large-size listed companies to raise funds using financial instruments

2013 also demonstrated SET's important role in supporting companies having potentials to raise funds utilizing financial instruments. Consequently, the companies fully maximized benefits from the capital market, raising THB 166 billion in the secondary market and used 175 financial instruments. In particular, 59 listed companies have offered stock dividends, a historic high, up 80 % from the previous year, contributing to the fund mobilization worth THB 9.69 billion. The success was attributed largely to the continuous promotional efforts, including company visits, to meet the management of each company so as to provide recommendations, and the cooperation with financial consultants and investment banking club to organize the Financial Instruments for Directors seminar, providing expertise, encouraging companies to use financial instruments on the capital market. In addition, SET produced and disseminated information, regulations and guidelines on mergers and acquisitions (M&A) of foreign stock markets such as Singapore, Malaysia, Indonesia and Australia. SET also organized activities to encourage companies to consider M&A and other capital market tools to help expand their businesses, further create growth opportunity, and be fully prepared for regional competition.

SET has continuously organized the quarterly "Opportunity Day" to support and encourage listed companies to communicate with investors directly so that the investors can understand the business, strategy and direction of the firms, which are essential factors affecting the securities' values. Last year, SET, together with securities companies, initiated the idea to have stock



analysts giving the overall outlook of each industrial sector and kicked off mobile “Opportunity Days”, reaching out to investors in the provinces to have face-to-face meetings with top management of firms. SET also developed an application to make it possible to watch “Opportunity Day” on Android tablets in addition to iPads. “Stock Focus” journal also gathered key information on interesting securities at different time periods for investors to use in making prudent decisions.



To recognize listed companies and operators in the Thai capital market that had outstanding performance in each field, reflecting their strength and success, SET and Money & Banking magazine have jointly organized the “SET Awards” event for 10 consecutive years. Thus the theme for SET Awards 2013 was “One Decade of Pride.”



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

Cooperate to develop the GMS capital markets: Create sustainable mutual benefits.

SET is committed to listing more GMS products on the Thai stock exchange to enable investors to benefit from the regional economic expansion, as well as to foster cooperation between the GMS capital markets to ensure sustainable growth and mutual benefits. It was historic that in 2013 the first Thai holding company with business in a GMS country has been listed, for CK Power pcl (CKP), a holding company with its core business in Laos, listed on SET. The company produces and supplies power at Nam Ngum II dam. Moreover, two Thai companies operating in Vietnam are preparing to list: they are Amata VN pcl, with industrial park business in Vietnam and PM Thoresen Asia Holdings pcl.





In addition, SET initiated the “**GMS Focus**” by holding a CEO meeting of GMS stock markets, which are Cambodia Securities Exchange, Lao Securities Exchange, Hanoi Stock Exchange and Ho Chi Minh City Stock Exchange. The objectives are to promote cooperation in developing the GMS capital markets, and to determine and support capital market development in each country through mutual cooperation on a continuous and tangible basis. The 2013 meeting focused on enhancing expertise in capital market and corporate governance. It was also a chance for investors to meet funds and listed companies in GMS for 19 times.

On top of this, in November 2013 SET hosted the first-ever “**Capital Market Education Forum 2013**,” under the theme “Setting Standards for Professional Education,” by inviting capital market experts and specialists from agencies all over the region to gather together. The participants were representatives from 12 agencies, namely the securities and exchange commissions, central banks, stock markets, and universities, from Cambodia, Laos, Myanmar and Vietnam, including Thailand as host. The forum created special venue for them to brainstorm and share insights from their various capital markets. The contents featured the knowledge standard supervision for securities professionals including how to determine license structure and how to assess the examination and training standards. The event was a good start to enhance the GMS capital markets, leading towards mutual sustainable benefits.



Continuously create awareness of ASEAN securities markets.

Since 2012, three ASEAN securities markets in ASEAN, namely, Malaysia, Singapore and Thailand, connected their markets under the so-called “ASEAN Trading Link” and organized activities to promote ASEAN securities as an asset class. For instance, “Invest Asean Roadshows” were rotated to different countries to reach individual investors, receiving a positive response and attracting more than 1,200 participants, 17 securities companies and 18 listed firms. The website for ASEAN capital markets, www.aseanexchanges.org, provides a complete and diverse range of information and services as one-stop shop, offering information about ASEAN securities companies and stocks for investors with a wide range of stock analyses.



4) Develop new products and service platforms

Increase products and services in equity and futures markets

In 2013, SET expanded underlying securities for derivative warrants (DW) from components of the SET 50 Index to those of the SET 100 Index with market capitalization of at least THB 10 billion, thus catering to the needs of investors. SET has shortened the period to approve listings for DWs to three days, down from 15. In 2013, there were 761 DWs issued by 12 securities companies, with average daily transactions rising to THB 1 billion, or 2.08% of total SET transaction value.

In addition, SET issued five exchange-traded funds (ETF), tracking four groups of business indices, namely EFOOD for food & beverage, ECOMMERCE for commerce, ENY for energy and public utilities, EICT for information, communication and technology and the SET100 market-weighted index.

As for Thailand Futures Exchange (TFEX), this was the year of revamping products and services, preparing for the new derivatives trading and clearing system which will commence in 2014. SET expanded the underlying stocks of stock futures to include SET 100 Index components, thus increasing the number of underlying stocks to 60. The regulations for stock futures were amended to be more effective and flexible by raising the position limit for underlying securities contracts and decreasing the minimum size required for block trade transactions for contracts with high notional value. This adjustment would enable investors to use stock futures to manage their investment portfolios more efficiently and effectively. Stock futures transaction volume in 2013 increased by 288 percent compared to the previous year.

In addition, TFEX has expanded services for USD futures contracts in cooperation with Krung Thai Bank plc (KTB). KTB will provide physical exchange of US dollars for USD futures holders at special rates at the bank's branches when the contract matures, enabling small-sized exporters and importers to manage their exchange rates at low cost. The service started operating from March 2014.

Direct market access: DMA

The stock exchange provided direct market access (DMA) services to 13 additional member companies in 2013, increasing the trading value via this channel to THB 5.78 billion per day, a 133 percent rise compared to 2012. The transactions from DMA and program trading represent 11.6 percent of the total transaction in 2013, compared to 7.7 percent in the previous year.

Increase capacity to produce and disseminate information on listed companies

In 2013, SET boosted its capacity and streamlined the process to make available speedy and up-to-date information about the companies and P/E ratios. Starting from the dissemination of financial statements of listed companies in the SET100 Index in standardized file, the information is now available within one trading day (down from seven days previously) after the companies have submitted full financial statements. The calculation process has been improved and the process to publicize P/E ratios of companies has been shortened to two trading days, down from eight days.



Boost service capacity of clearing house for derivatives transactions

To prepare for innovations, Thailand Clearing House Co., Ltd. (TCH) has developed a new derivatives clearing system to be aligned with new derivatives trading system. The derivatives clearing system will be ready to operate in May 2014. In addition, TCH has streamlined the regulations by transferring the payment and delivery of OTC bonds not guaranteed by TCH to Thailand Securities Depository Co., Ltd. (TSD), in order to provide more clarity to TCH's role as central counterparty in accordance with international standards and principles.

TCH has also revised the principles for contributing to the clearing fund to maintain sufficient funds for transactions on the exchange and futures market, and reviewed the qualifications of TCH members to match international standard, called Principle for financial market infrastructures (PFMI).

To be ready for expansion of cross-border investment, TCH and TSD are preparing to offer post-trade services for the "ASEAN Trading Link" by joining hands with Malaysia and Singapore stock markets, making the post-trade services more convenient for investors and members for clearing and settlement services, as well as getting benefits from holding the ASEAN securities.

Streamline Thailand Securities Depository: Focus on integrated and speedy service to save costs

The securities operation re-engineering guidelines, a joint-study between SET and broker members, stipulated improving TSD operations by focusing on straight-through processing to enhance convenience and efficiency. In 2013, TSD was committed to streamlining its operating system, enabling members to open segregated depository accounts in anticipation of the pre-settlement matching system, which supports transaction-matching between securities companies and custodians. The efforts are in line with the guidelines used by other international securities depository centers in many countries.

In 2013, TSD started disseminating news and information regarding the rights and privileges of securities holders via "Corporate Action News" to non-SWIFT participants to provide real-time information so that they can proceed further instantly.

Develop securities registrar: Concentrate on services in electronic format.

In 2013, TSD concentrated on enhancing the efficiency of securities registration services in electronic format to offer convenient and speedy service to two groups of service recipients.

- Issuer portal service, a communication channel between registrar and member companies to boost efficiency using electronic formats, enabling securities issuers to monitor work status or issue instructions regarding the registration service.
- Investor portal service, allowing shareholders to access their information via a 24/7 web portal. They can enquire about rights and privileges, print reports and manage personal information, including other supplementary services such as the notification of rights and privileges of securities via e-mail.



5) Upgrade infrastructure for growth

Throughout 2013, SET has geared up towards laying the foundation for IT system management to achieve sustainable expansion, so that its main IT system continued to meet international standards. The basic infrastructure should be modern, stable, and safe, flexible enough to easily connect to other stock markets in the region, and based on the world-class IT governance. The system was designed to boost competitiveness of Thai stock exchange, which is well-equipped to be a regional leader in ASEAN.

Management following communication and information technology (IT) master plan: Increase competitiveness and meet international standards

SET has continuously proceeded with its IT 5-year master plan (2010-2014) and achieved targets following the IT master plan.

In 2013, SET has continuously developed trading system applicable to transactions of both equities and derivatives on the same platform. After the commencement of “SET CONNECT” in 2012, it was evident that development of new systems to accommodate new products or tools was more efficient than in the past. The modern infrastructure has increased investment choices and attracted both domestic and international investors. The new derivatives trading system will be ready to go live in May 2014.

Develop new clearing system, ready to expand securities market business

In early 2013, SET began developing new clearing system, starting from the transaction of the derivatives market. The new clearing system can efficiently manage risk according to the international standard and connect to the real-time transaction. The new clearing system is designed in anticipation of an expansion of business opportunity. It will enhance the flexibility to launch financial products, connect to clearing houses and securities depository centers worldwide and enable securities clearing or deposit on multi-market scenario. In addition, it is compatible with multi-currency market. The new clearing system for the derivatives market will start its operation together with the new derivatives trading system in 2014. Furthermore, SET will continue to develop the new clearing system for equities and derivatives, expecting to start the services in the first quarter of 2015.

Develop efficiency of major systems for broker members: Reach world-class standards

In 2013, SET expanded the co-location lease service for member companies wishing to install servers to receive and send transaction orders via “**SETNET3**”, the center to connect work systems of broker members and SET. The system resulted in speedy and stable work flows, with environmental control systems, safety and perfection. After offering the service in April 2013, three companies have signed up and expected to attract more attention from the service users.

In addition, SET worked with Association of Thai Securities Companies (ASCO) to **procure a member back office system**, capable of handling all types of products, covering equities, bonds and derivatives and meeting international standards. The system’s working group, consisting of SET and 12 broker members, agreed to set up a joint venture to support this back office system and revamp the operational structure of back office to be in accordance with international standard, including the straight-through process, enabling seamless processing without having to manually re-key information, thus cutting unnecessary duplication, saving time and cutting overall costs.



Follow IT Global Best Practices: to lay foundation for long-term operations

SET is determined to upgrade its operations to continually ensure safety of information and keep its information technology (IT) systems meeting internationally-accepted standards. SET's operations have been executed with discretion and caution under rigorous **IT security** management, with preventive measures to manage possible risks being in place. Thus, on June 4, 2013, SET was certified as having achieved **ISO/IEC27001:2005**

SET continues to develop and streamline its **IT services** in line with **ISO20000** standards to enhance its credibility and professionalism.

Enhance efficiency of trading activity supervision: Increase confidence in the Thai capital market

In 2013, the securities trading fluctuated considerably, with dynamic stock price changes and higher trading volume. SET continued to impose measures that prevent wrongdoing in trading as part of its role in protecting investors and preventing unfair trading. The measures included:

Trading Alert list: If the trading activity of a securities is unusually volatile relative to others in similar circumstances, SET, concerned that all investors may not have had equal access to information if news has emerged, will add the security in question to the Trading Alert list at the end of the trading day via the SET Market Analysis and Reporting Tool (SETSMART) (www.setsmart.com) and SET website: (www.set.or.th). SET will also contact the company related to this matter and will transmit any clarification to the public by the next trading day. This measure ensures that investors have equal access to information before making trading decisions. In 2013, SET took action on 64 cases, with 39 securities involved.

Cash balance: Trading activity based on high speculation could be a risk to the overall trading system. Therefore, the cash balance measure will be imposed if trading activity of a security is significantly more volatile than its peer, with a chance of high speculation. In such cases, investors must deposit the full amount of their purchase before the transaction is executed. In 2013, SET took action in 197 cases, with 108 securities involved. The trading activity was closely monitored especially during the first quarter of the year, when the trading volume was unusually high.

False market: to prevent stock manipulation, SET warned the securities members in the manner that they may be jumping into executing improper trading order in both equity and derivatives trading. SET took action in 224 warnings.

In 2013, SET investigated improper trading activities as defined in the Securities and Exchange Act B.E.2535 and passed 13 cases to the SEC.

In addition, SET continued to support members of ASCO in their being a self-regulating organization (SRO), by consulting with ASCO's compliance club in order to revise the good governance outline and guideline for the ASCO members to promote and support the members on good CG.



Enhance personnel leadership, developing corporate culture and providing opportunities for businesses and investors

SET values people as a key driver to its sustainable success, and has implemented policies and projects, especially leadership and culture development, that steadily develop its professionals to lead SET towards regional leadership. Projects related to human resources administration and development cover:

- The “Leadership Development Program” organized since 2010, enhances the capacity of the next generation of SET managers, using a variety of approaches such as one-on-one coaching by experts, training and seminars, both local and international.
- The “Leading Self and Others” project designed for employees at the operational and middle levels, enhances competency in self-management and in dealing with others.
- “Embracing SET Core Values” activities encourage employees’ awareness and understanding of SET values, focusing on proactive response and teamwork spirit to ensure employees’ synergy and unity.
- Internal and cross-function job rotation allowed employees to develop their multi-tasking skills, helping them become more competent in various jobs.
- SET has annually granted 10 scholarships for Master’s degrees studies in Business Administration, Law and Technology, five scholarships for studying domestically and five for studying abroad. This scholarship program is to enhance employee potential and encourage staff to apply new technology and innovations to enhance the organization.
- SET assessed high-level executives using a 360-degree approach; results will be used for planning the Leadership Development Program and in laying out individual development plans. SET has also rolled out a succession plan for high level positions to ensure smooth transitions.
- SET has implemented communications activities to continuously connect with employees across the board, including town hall events, focus groups and sharing of insights. In addition, management and employees often connected in informal meetings.
- SET has applied a clear performance evaluation system, synchronizing with the organization’s objectives. There are key performance indicators (KPIs) for directors and the president, in line with the organization’s goals. These KPIs are then cascaded down, all the way to operational levels. Remuneration packages are linked to individual performances as measured against the pre-set KPI.

SET values its staff as assets. Therefore, its focus is to make employees feel proud of and have confidence in the organization. Projects are organized not only to enhance staff potential but also make them feel happy at work. These efforts consequently resulted in better quality of work and increased competitiveness. Staff are ready to cope with market competition and able to efficiently respond to the dynamic organizational and global changes.





Long-term capital market development: Enhance quality and competitiveness

In 2013, SET's long-term capital market development continuously focused on competitiveness of all stakeholders in the Thai capital market by improving the quality of listed companies, member companies, professionals in the capital market, investors and savers, as well as leaders and management of organizations from public and private sectors. This was to increase Thai capital market competitiveness and build a strong foundation headed towards sustainable growth in the long run.

Empower business: Developing quality of listed companies for sustainable growth

SET values “quality” development of listed companies. In 2013, the key focus areas were to develop good governance practices, professional investor relations, encourage enterprises to make better use of the capital market, and corporate social responsibility. In addition, SET supported activities organized by capital market-related organizations. All of these efforts strengthened the Thai capital market towards sustainable growth.

Develop good corporate governance

To prepare Thai listed companies for the ASEAN Economic Community (AEC) in 2015, SET organized projects and activities throughout 2013 as follows:

1) Upgrade governance standards and principles: SET implemented the amended corporate governance (CG) principles, which is in line with the ASEAN CG Scorecard – the standard to evaluate and rank the CG of listed firms throughout ASEAN. SET held 10 training sessions for 426 listed companies and produced **“Board orientation guidelines”** for listed companies to use in training new members of the board. In addition, SET issued a survey report on **“Remuneration given to directors and management of listed companies in 2012”**, providing benchmarks for companies to use in setting compensation for their directors and management.

2) Educate and encourage listed companies to implement CG standards: Organized for the fourth consecutive year, the **“Good Corporate Governance Survey and Development”** focused on analysis, evaluation and providing suggestions to companies, covering four aspects: 1) roles of directors, specifying CG policy and ethics in business, 2) risk management systems, 3) internal audit systems, and 4) internal control systems. This project engaged 20 firms.

SET's CG Forum was also organized to help provide understanding about CG compliance for directors and management of listed companies. In 2013, SET held forums on four topics: 1) Audit Committee...Get well-rounded knowledge...get yourself ready for the annual general meeting 2) Board monitoring – How to build the spirit of good CG 3) Conflict of interest: Fighting abusive RPT 4) The updated COSO's 2013 Integrated internal control: What the board and management should do. The forum attracted 604 companies, with 960 participants. SET also held the “Director Accreditation Program” (DAP), for directors of



companies that plan to list on SET. It is the fundamental course for directors, who have fiduciary duties and must follow CG practices. The course engaged 161 directors from 78 companies.

3) Corporate Governance Report: CGR: SET has invited the Thai Institute of Directors (IOD) to evaluate CG scores for all Thai companies since 2001. The evaluation is a benchmark for companies to compare themselves with others. Based on the evaluation, SET made suggestions for quality improvement in CG matters.

4) Recognition for companies with good CG: SET recognized listed firms with good CG by granting the “Top CG Report Awards” and “SET Awards of Honor” categories at its annual SET Awards function. There were a total of 24 companies recognized.



Develop investor relations

With SET’s full support, listed companies can take their investor relations (IR) to the next level. In 2013, SET’s activities to develop such relations included:

1) IR Professional Training, composed of six courses in three levels; IR officers can choose any course that is most relevant to their level of expertise and experience. In addition, SET organized a talk, namely “The Latest Trends of IR in the Global Capital Market and IR Preparation for Roadshows,” as opportunities for IR professionals in similar industries to share insights. This project attracted 238 companies to participate.

2) The SET IR Advisory Program continued in 2013. SET, together with advisory companies, gave recommendations to 30 listed firms in developing their IR systems. Such advice included topics like training, analysis of IR challenges, basic securities evaluation, and insights on IR activities and plans.

3) Best IR Awards is one of the main categories at the annual SET Awards contest, wherein SET recognizes listed companies with outstanding IR performance. In 2013, the number of companies participating increased by 26 percent from a year ago. All contestants received comments from analysts and institutional investors which would benefit the firms’ IR development.



Develop enterprise for the capital market: Empower small and medium-sized companies

SET concentrated on developing sustainable growth for SMEs, to increase their competitiveness and enable them to access the capital market. The effort focused on enhancing finance management skill and funding source access for SMEs by partnering with organizations in the public and private sectors. In addition, SET linked firms that need funding with companies seeking opportunities to invest through the Innobiz Matching project. In 2013, 16 companies joined in this activity, of which six were selected by senior judges for further presentation to 29 venture capitalists and angels.



In addition, SET joined hands with the Federation of Thai Industries in producing a television program called “**Sen Pom Bang Phu Khao**”. This program was to inspire SMEs to pursue their business goals, for it showed how to become successful in business, and was broadcast on SET’s Money Channel.

Promote business operation with social responsibility

To achieve sustainable strong growth, SET’s Corporate Social Responsibility Institute has encouraged the Thai business community to practice social responsibility in their operations. In 2013, SET projects and activities included:

1) Improving understanding about sustainable development: SET held seminars and workshops, covering social responsibility concepts and practice, such as on communication and connection with all stakeholders and data and information management.

In 2013, SET encouraged firms to **integrate their corporate social responsibility into their operation processes (CSR in Process)**. SET also urged companies **to communicate their CSR information to public via a sustainability report showcasing** their performance in different dimensions, including the economy, society and the environment, thus building stakeholder confidence in the firm. Moreover, SET introduced the “**Creating Shared Value**” (**CSV**) strategy to pave way for the sustainability of firms and

society. and promoted the social responsibility concept to investors through the **Socially Responsible Investment: SRI project**, which will generate consistent returns in the capital market over the long term.

Throughout 2013, there were 2,233 executives and operational staff from listed companies participating, compared to 939 participants in 2012.





2) **Promote business with outstanding social responsibility practices:** In 2013, SET produced nine issues of the publication **CSR Best Practices as guidelines** for companies to implement and adapted to fit their industry.



Organized for the second consecutive year, **the CSRI Recognition 2013** event honored listed companies that showed their commitment in continuously developing their business by practicing social responsibility.

Build confidence in Thai listed companies in the international arena

To enhance Thai listed companies' efficiency and encourage them to achieve international recognition, SET encourages them to apply to become components of **the Dow Jones Sustainability Indices (DJSI)**, which is a well-known global sustainability benchmark.



In 2013, PTT Global Chemical pcl and Thai Oil pcl have been added to **the DJSI**, bringing the total number of Thai firms on **the indices to four**. They joined Siam Cement Group and PTT, which were included in the world indices earlier. PTT Global Chemical was included in the Dow Jones Sustainability World Index and Thai Oil was put in the Dow Jones Sustainability Emerging Markets Index.

Support activities sponsored by other organizations in the capital market

SET has annually allocated budget for projects organized by other units in the Thai capital market to promote long-term capital market development, including the Thai Listed Companies Association, Securities Analysts Association, Thai Investor Association, and Thai Listed Companies Association.

Enhance competency of investors and professionals...build sustainability for the Thai capital market over the long term

Enhance investor competency...sustainably empower the economy



To produce quality investors over the long term, SET continuously developed learning activities and channels for investors and the general public. Throughout 2013, there were 50,323 participants engaged in SET's activities, including;



1) **“Ngun Thong Tong Wang Paen” (When it comes to your finance, planning is a must):** This program helped participants revolutionize their thinking concepts, paving the way to wealth for salaried employees, e.g. government officials, state enterprise officers, and corporate employees, to systemize their financial planning, encouraging them to spend prudently and optimize their savings. The concept of this project was that participants will be able to save when they first clear their debts, investing could help increase their wealth; and they should have well-thought-out financial plans before it was too late. This project was promoted via radio, newspapers, magazine, promotional materials in offices and subways and via online learning material. The content was simplified and reached more than eight million people.



2) SET organized the **“Employee’s Choice @ Workplaces”** project to increase financial planning for retirement, including usage of provident funds, each employee’s choice of funds for investment, and saving via retirement mutual funds and long-term equity funds. In 2013, this program attracted 84,774 people.

3) SET held its **“Save in Stock”** seminar for attendees to become prudent investors. Throughout the year, 11,925 people joined the seminar.

4) **SET has established seven SET Investment Centers (SET ICs)** in seven different universities namely Chiang Mai university, Naresuan university, Khon Kaen university, Ubon Ratchathani university, Suratthani Rajabhat university, Hat Yai campus of Prince of Songkla university and Kasetsart university’s Sriracha campus. The SET ICs are centers of investment literacy for students, instructors, university’ personnel and the general public, with online learning materials. SET also leveraged this effort with activities such as **“Ruam Pon Khon Orm Wai Nai Hoon (‘Saving in stocks...get wealthier with quality investment)’** and roadshows to member firms in all regions. More than 19,840 people attended activities at SET ICs.



Also, SET together with the Association of Securities Companies produced a virtual classroom program called **“Investor practice guide by TSI: Stock investment guide for newcomers”**. More than 80,000 investors nationwide accessed this tool.

5) **SET developed an online learning channel called “Online classroom for investors”** on www.tsi-thailand.org, where financial and investment literacy is simplified and accessible 24/7. In 2013, nearly seven million people visited the TSI website while the number of members at TSI Facebook rose to 65,910.

6) **To develop media to sustainably create wealth**, SET produced a series of books, including investment principles and risk hedging with derivatives, ASEAN Readiness Index, and searching for your first stock, which is in line with SET's "Your 1st Stock" project, whose ultimate goal is to promote investment in stock. Besides, there were also targeted books such as "In-depth analysis in fixed-income investment" and "In-depth analysis in mutual fund investment". Investors can also access the SET e-book application, where more than 100 SET e-books are available.



Moreover, SET has developed **e-Library@Maruey** by offering **online reading facilities in Maruey Library**, to enable investors and others nationwide to access financial and investment information 24/7. Throughout 2013, more than 434,000 people used the library's online service to research investment information and participate in other learning promotion activities of the library at online libraries, the SET head office, or the Esplanade shopping complex, Bangkok.

Enhance competency, including advisory skill, for securities professionals

In 2013, SET joined forces with the ASCO and Securities Analysts Association in developing the competency of securities professionals and focused on licensing standard development. To achieve this objective, activities were initiated as follows:

- **For students who are keen in pursuing their career in capital market**, SET joined hands with training institutes, ASCO and 25 universities in nine provinces to sponsor students to training and licensing tests via the **"New Breed IC@Unet"** project.
- **For investment advisory professionals**, SET extended its efforts to nine provinces that cover every region in Thailand. Activities under this effort include **"Strengthening IC@Provinces"**, which enhanced the skill of investment advisory professionals in regional areas; **"Train the Trainer@ Provinces"**, producing trainers for the regions; **"New Investment Consultants"**, focusing on new professionals; and **"Strengthening Derivatives Personnel"**, focusing on professionals in derivatives.
- **For investment analysts**, SET developed three projects: **"New Financial Analyst"**, designed for new analysts (1–2 years of experience) and analyst assistants, and **"Sector Analysis Development"** for senior analysts, who would be able to learn technical analysis from foreign analysts. Also, in 2013, SET joined forces with SEC, the Association of Securities Analysts, and ASCO to develop a **Technical investment analyst license**. To produce top-quality analysts for this category, SET provided training and 80 candidates qualified.

More than 5,000 people attended the training throughout 2013.

Develop capital market financial literacy standards

To enhance the efficiency of attendees at the refresher course, SET required that participants take a post-training test for the course by holding a training from July 1, 2013 onwards in order to boost efficiency for learners. Also, the Thai Securities Institute has standardized all training courses, visited, and evaluated more than 20 training institutes to ensure that training complies with standards.

SET also supported capital market financial literacy in neighboring Laos and Cambodia, by sending a technical assistance team to help train capital market professionals there.

Promote quality research, bring the Thai capital market up to the next level

Conduct research for capital market development and promote research findings

In 2013, the Thai Capital Market Research Institute concentrated on research to improve the international competitiveness of market participants and reduce obstacles to such competitiveness. The research includes: 1) Attractiveness of Thai listed companies through the eyes of foreign investors 2) Growth opportunities of Thai listed companies from direct investment overseas 3) Potential and current retail investors in provinces.

For the fourth consecutive year, SET held a Capital Market Research Forum on a monthly basis, so participants could discuss research findings and other capital market studies. Also, the annual capital market development seminar, held for the fifth consecutive year, welcomed professors from leading universities and experts in the Thai capital market and from international agencies to share their insights and practices and propose practical solutions, which will benefit capital market development.



Support capital market research at the graduate level to foster educational and business network

SET strives to lead in promoting collaboration between businesses in the Thai capital market and educational institutions by linking academicians and business operators in the capital market. Thus in 2013, SET collaborated with 15 educational institutions and capital market organizations to organize **the Clinic for Capital Market Research twice**, which in turn resulted in a bond between the educational sector and part of the capital market. To upgrade the quality of capital market research papers and encourage academic research, SET organized a competition to select outstanding research papers about the capital market.



Create corporate leaders via the Capital Market Academy



The Capital Market Academy offers a curriculum for high level executives to produce capital market executives who have dynamic visions and possess leadership skills that will take lead their organizations to achieve their goals and role in society. Over the past nine years, 1,434 executives have graduated. They have greatly contributed to the development of the Thai capital market, proposing guidelines to develop the capital market to the government that have been incorporated into the current capital market development plan. Apart from this, the academy has proposed studies which would benefit economic and social development including a national strategic plan on teaching financial literacy to the public, economic policy for dealing with baht currency movement, policy and regulation reform related to public and private investment, fund-raising through the stock market from the private sector's point of view, long-term investment for the AEC: Thailand's infrastructure development: A case study; and the capital market's role in developing Thailand's rail system. Other projects included one on the government's proposed THB2 trillion infrastructure plan, proposal for the utmost benefit to Thailand, and Financial Education: Financial literacy for Thailand.

SET's Strategic Plan for 2014

In 2014, The Stock Exchange of Thailand (SET) plans to energize the Thai capital market for sustainable growth. SET will focus on promoting a quality-focused capital market culture to investors, issuers and intermediaries, covering both products and services. SET stands ready to be a connector between the world and Greater Mekong Subregion (GMS). In addition, SET will continue to enhance the Thai capital market's infrastructure and capability in order to effectively meet the demand of stakeholders and connect with the global market. The three pillars of the strategic plan underline SET's vision: aiming at matching the right financial opportunities for business and investors.

1) Build quality-focused capital market culture

1.1 Investors:

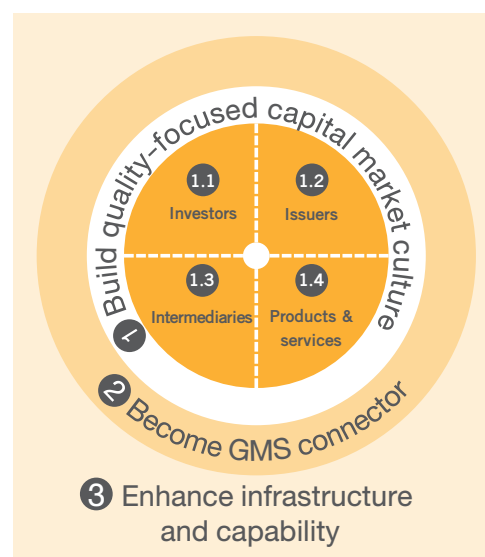
- **Domestic retail investors:** Increase the number of equity investors by 80,000 (600,000 equity investors at the end of 2013), and derivatives accounts by 15,000 (87,500 derivatives accounts at the end of 2013). Key target groups are bank depositors, online users and potential investors especially in major provincial cities in Thailand. Working jointly with financial intermediaries, SET will enhance Thai people's capital market awareness and will equip them with investment education in both fundamental and technical analyses which are appropriate for their trading behaviors and risk appetite. The plan will help increase active rate of investors and sustain the investor base.

- **Domestic institutional investors:** Educate Thai people about building financial freedom through investing in financial assets with potentially higher return, especially equity investment in mutual fund and provident fund, in a longer term. In cooperation with asset management companies and company committees, SET will educate employees of business firms about financial and investment planning and promote Employee's Choice scheme that allows them to increase their equity allocation to benefit from higher return from equity investment.

- **Foreign investors:** Increase visibility of the Thai capital market and stocks through roadshow activities and promote Thai securities to be included in global benchmark indices. SET will also enhance a variety of market accesses to facilitate foreign trading.

1.2 Issuers: SET will facilitate both Thai and foreign business with fund-raising needs. SET targets the total market capitalization of initial public offerings (IPO) at THB 210,000 million in 2014. SET will seek to attract 1) leading high quality and well-known companies, 2) infrastructure funds, 3) real estate investment trusts (REIT) and property funds, and 4) Thai holding companies with core investment abroad.

For companies already listed on SET, SET will encourage the usage of tools and instruments available in the capital market, i.e. warrant, stock dividend and stock split. In addition, SET will promote secondary equity offerings (SEO) that match the financial needs of companies. SET targets that existing listed companies will raise THB 180,000 million of fund in 2014.





Furthermore, SET will focus on quality improvement of listed companies for sustainable growth. SET will support and educate them on enhancing their Corporate Governance (CG) and Social Responsibility (SR) to be on par with international standards. SET will also encourage listed companies to work towards meeting criteria defined by Dow Jones Sustainability Index and ASEAN Corporate Governance Scorecard.

1.3 Intermediaries: SET aims to promote quality and efficiency of intermediaries. SET will also support market maker program to stimulate liquidity in equity and derivatives markets. Cooperating with Association of Thai Securities Companies (ASCO), 4,500 investment professionals will be trained to deepen their specialization.

1.4 Products and services: SET will expand its product range to suit a variety of investment demands, e.g., foreign index futures, Thai Depository Receipt (Thai DR) and sustainability index. SET will also increase liquidity of its flagship products, e.g., SET50 futures and single stock futures and liquidity of high potential products, e.g., SET50 options.

2) Become GMS connector

SET aims to become an investment connector between the world and the Greater Mekong Sub-region (GMS), a region with strong economic growth prospect and geo-demographic profile similar to that of Thailand. SET plans to 1) increase fund raising through holding company and infrastructure fund in GMS, 2) enhance visibility of GMS market data by developing a website, 3) develop GMS-linked indexes, 4) attract high net worth individuals in GMS to invest in the Thai capital market by organizing events and campaigns in major border provinces, 5) provide capital market education for professionals and regulators in GMS, 6) conduct a feasibility study on post-trade linkage among GMS exchanges, and 7) build relationship among regulators, policy makers and top management in GMS for long-term development cooperation, e.g., developing Capital Market Academy's new curriculum for business and policy leaders in ASEAN.

3) Enhance infrastructure and capability

SET will continually enhance infrastructure and capability to be on par with leading exchanges. This will strengthen SET's long-term competitive advantage. In 2014, SET plans to 1) introduce new derivatives trading and clearing systems by mid-2014, after the new equity trading system (SET CONNECT) last year successfully handled record high trading volume since SET was established, 2) continue to implement Operation Re-engineering project to achieve Straight-Through Processing (STP) in the whole post-trade services and to be capable of handling multi-currency and multi-market transactions in the future, 3) upgrade risk management for clearing and settlement system to align with emerging international standards and regulations, e.g., European Market Infrastructure Regulation (EMIR) and Principles for Financial Market Infrastructures: PFMI, to strengthen robustness of the Thai capital market and allow investors to better manage their collaterals, and 4) become a role model of sustainable organization in Thailand.

Furthermore, SET plans to review rules and regulations regarding listed company and member supervision with a view to balancing business opportunities and investor protection. SET will also upgrade its surveillance system to better monitor trading irregularities and cope with new trading techniques, e.g., high-frequency trading and algorithmic trading.

In addition to the above three pillars of the strategic plan, SET will propose reform measures of the Thai capital market in the four areas 1) financial literacy, 2) bond market development, 3) gold market development, and 4) agricultural commodities' price volatility management scheme. These reform agenda will help increase country's competitiveness and improve wellbeing of the Thai people.



Corporate Governance Report

SET's Board of Governors (BoG) closely follows the principles of corporate governance (CG) and complies with both the letter and spirit of all rules and regulations to be a trustworthy role model for Thai listed companies in conducting its business, practicing integrity, transparency and fairness to all stakeholders.

1. Shareholder rights

1.1 Treatment of members

SET is a juristic entity constituted under the Securities and Exchange Act of Thailand, and thus does not have a corporate structure or shareholders. Nevertheless, the Act requires the Exchange to convene an annual meeting of members to elect board members, approve its financial statements, appoint an auditor and approve remuneration of BoG members.

Apart from the abovementioned rights of the members, the BoG recognizes the importance of good CG and members' rights to fair and equitable practices. SET endeavors to provide needed information to all members via its website, e-newsletters, formal and informal meetings between SET and its members, and other means;

1.2 Ordinary meeting of SET members

1) The BoG must call an ordinary meeting of SET members once a year within four months of the end of its fiscal year, which is December 31. The board may call an extraordinary meeting whenever it deems appropriate. In addition, the BoG must call an extraordinary meeting when members representing no less than one-fifth of all members submit to the board a written request to do so.

2) Before each ordinary meeting of SET members, in order to encourage all members to place importance on attending the meeting and their right to participate in decision-making on material issues, SET takes the following measures:

- SET sends the meeting notice, including the agenda, to every member no less than seven days prior to the meeting;
- SET members can add items to the meeting agenda ahead of the meeting through electronic or postal mail;
- Any member who is unable to attend a meeting is entitled to appoint a proxy, using the proxy form enclosed with the meeting notice.

3) The meeting will normally be held at the SET building and start at 4:00 p.m. to be convenient for all members to attend; three-fourths of all members constitute a quorum.

4) At all meetings, the BoG chairman presides.

5) Each member entitled to one vote; approval of a resolution requires a majority of votes.

6) Any member may nominate persons to become a SET governor, based on his/her background, competency, ethics and integrity. The meeting then votes via secret ballot on the nominations, with each member being entitled to one vote. The Audit Committee chairman verifies the vote counting.

7) Comprehensive meeting minutes are recorded, including significant details, e.g., the names of governors, executives and members who attended the meeting, meeting resolutions, questions, explanations and opinions of the meeting. The minutes of the SET members meeting are sent to all members within 14 days of the meeting.



2. Equitable treatment of shareholders

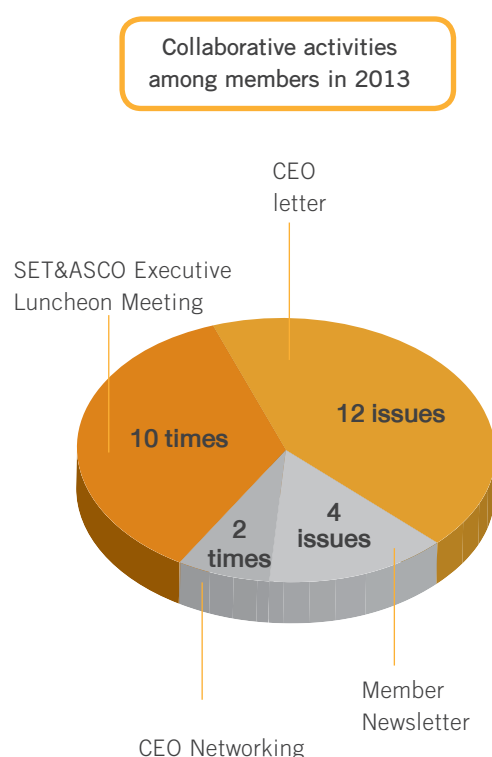
SET has policies for fair and equitable treatment of shareholders, transparent meetings for member companies, and equitable hearing of opinions from all members and coordinators, who are directly responsible for interaction with members. SET seeks to consistently improve its operations for the benefits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

2.1 Ordinary meeting for 2013

In 2013, the BoG called an ordinary meeting on April 23, chaired by the BoG Chairman and with a total of 5 governors (out of 11) in attendance. There were two extraordinary meetings in 2013, with an average attendance of 87% of members. Among the matters considered were elections of governors, approval of remuneration of the BoG chairman, appointment of the auditor, consideration of significant practices relevant to members, and the arrangement of hearings on matters related to all members, which were the placing of collateral in cash accounts and amendment of trading rules for convertible securities issued by foreign companies.

2.2 Collaborative activities among members in 2013

SET made additional efforts to maintain good relations with our members by conducting these activities:



- **SET and ASCO executive luncheons** These monthly panel discussions are held between members of the Association of Securities Companies (ASCO) and various parties involved in the capital market to discuss matters of mutual concern.

- **CEO networking** These are panel discussions among senior executives of all brokerage firms to strengthen the good relationships between them and enable members to express opinions on the securities business.

- **Member Newsletter** This publication is for all members, and contains quarterly updates on the capital market.

- **CEO Letter** This is a monthly newsletter from the SET president to the presidents of all securities companies, informing them of SET happenings.

Moreover, in 2013 SET held conventions and seminars for members about retail investor attitudes towards securities companies and on developing the securities Infrastructure in Thailand connecting to China and Southeast Asia, in total of 7 times.



3. Roles of Stakeholders

The SET Board of Governors (BoG) ensures that the exchange's operations are based on fair and equitable treatment for stakeholders. The BoG recognizes the reciprocal relationship the bourse has with all stakeholders, including the Securities and Exchange Commission, securities companies, listed firms, asset management companies, investors, employees and other related agencies including business partners, creditors, competitors, the public sector, society and the environment.

SET gives the utmost importance to customer feedback and realizes the importance of effectively managing suggestions from listed and member companies, as well as associate firms, to enhance its operations. In 2013, SET set up a new internal communication system so that all executives can acknowledge, exchange views and take action of stakeholders' complaints and suggestions more efficiently.

3.1 Summary of current best practices on stakeholders, in accordance with SET group's Code of Conduct

Member, listed companies, and asset management companies	<ul style="list-style-type: none">• Listening to stakeholders and related parties' views, both on regulatory adjustments and new regulations issuance, including creating a clear understanding in compliance with the SET regulations and standard.• Organizing extensive public relations activities to promote company profiles, including facts and figures of listed, securities and asset management companies, for the benefit of investors and the public.
Investors and the public	<ul style="list-style-type: none">• Developing a variety of excellent financial instruments, products and services and providing accurate and adequate information about them.• Providing complete, accurate and updated information.• Providing effective two-way communications channels for investors and the public to access business information as well as report complaints. Customer information must be kept confidential and not used for the benefit of one's own or other persons.
Employees	<ul style="list-style-type: none">• Recruiting and hiring capable and experienced staff, corresponding with the SET's growth demand.• Providing development programs to enhance employee competency and career advancement opportunities.• Managing remuneration and other benefits for employees and management, taking into account the economic situation and SET's long-term achievement, competitively with other leading organizations. SET's evaluation system is based on the exchange's goals and staff performance (performance-based pay).• Taking care of its employees consistently well, with equal treatment and welfare benefits.• Setting up effective communication channels between management and staff and implementing activities regularly and consistently, covering strategic objectives and directions for the capital market. In addition, all employee opinions and suggestions must be fairly and equally treated.



Suppliers and other business partners	<ul style="list-style-type: none"> • Treating suppliers and business partners with fairness and transparency, based on mutual benefit. • Avoiding dishonest conduct purposely carried out to benefit suppliers/business partners. All parties must strictly comply with contractual agreements, obligations and conditions. If any obligation cannot be fulfilled, SET should notify suppliers/contractors as soon as possible, in order to find ways to solve the problem. • Implementing strictly in compliance with regulations and best practices of purchasing and procurement.
Creditors	<ul style="list-style-type: none"> • Complying with contracts or agreements as well as guaranteeing conditions with creditors strictly. In case SET is unable to comply, creditors must be informed and negotiated with in advance, in order to find solutions and protect against loss or damage that may occur. • Managing effectively to ensure that creditor trust in SET's financial status and debt repayment ability (solvency) is maintained. • Disclosing financial information accurately, completely and in timely manner.
Competitors	<ul style="list-style-type: none"> • Competing fairly, not seeking to obtain competitive intelligence dishonestly and not being involved in illegal actions to gain competitive information or beat competitors.
Government sector	<ul style="list-style-type: none"> • Supporting the government's policies, in compliance with the rules and regulations of regulatory commission entities, as well as promoting and supporting various government activities to strengthen national stability and growth.
Society, community, and the environment	<ul style="list-style-type: none"> • Keeping in mind the responsibilities to the society and environment, ensuring the staff are knowledgeable about CSR and strongly encouraging staff's participation in CSR activities (Please find more details in SET's Sustainability Report 2013.)

3.2 Anti-misconduct and anti-corruption policy

SET group's anti-misconduct and anti-corruption policy, as part of its corporate governance and ethics policies, specifies rules and regulations against corruption which all staff must strictly comply with. The purpose is to build trust among all stakeholders in the SET group, ensuring honest and transparent operations. SET supports anti-misconduct and anti-corruption activities.

In 2013, SET launched the "Anti-Corruption Guidelines" for management and staff, specifying behaviors or situations likely to put one at risk of corruption, with a Q&A section to aid risk management. The Anti-Corruption Guideline's concept is as follows:



- All forms of bribery and corruption are prohibited in all projects, activities, or transactions.
- Employees must not give, offer or receive any gift or other benefit as a mutual exchange or persuade another person to engage in unfair treatment or unethical conduct.
- The SET group is politically impartial, not involved with any political party, and does not provide financial aid to a party or politician.
- Donations to charitable non-profit organizations must not be related to bribery, corruption or fraud benefits and must not be linked with political issues.

Communicating anti-corruption policy to external target groups

In 2013, the SET group communicated its strong anti-corruption commitment to suppliers and other business partners, including listed and member companies, as follows:

- Suppliers and current or potential business partners being negotiated with will be informed through orientation meetings. In addition, SET's anti-corruption policy is clearly stated on purchasing and procurement order forms, bidding announcements and notification documents, the terms of reference, and signature mail.
- Listed and member companies will be informed via hand-delivered newsletters and SET's website.

Awareness of anti-corruption among SET staff

- Communicate SET's anti-corruption policy and best practices to create better understanding among management and all staff via many activities, including:
 - Organizing orientation sessions for those responsible for purchasing, procurement and corporate communications, which are the major functions implementing this policy.
 - Publicizing the guidelines for all staff, highlighting the key points in a simple and easy-to-read manner in articles, posters and organizing activities on the annual CG Day (held in 2013 on September 6).
- Encouraging participation of Board members, executives and staff in events and activities organized by anti-corruption organizations, as SET is a member of Anti-Corruption Organization of Thailand, for instance, the "Anti-Corruption Day 2013" campaign on September 6, 2013.
- Encouraging Board members, executives and staff to reach out as guest speakers, presenters or participants at events, put on by capital market organizations and associations on anti-corruption topics such as a practical guide to fight corruption, or how listed companies communicate and make policy to fight corruption.

Risk assessment and compliance to prevent corruption

- Fraud is a major risk that SET strictly prevents against with effective identification and evaluation processes. SET has numerous measures / effective internal controls such as segregation of duties, authority limit, and etc. to ensure that it is highly capable of managing this type of risk, with continuous follow-ups and reports. In addition, SET is committed to draw full co-operation from all levels in the organization in terms of effective control and monitors the risk up to the acceptable level. The risk management unit is responsible for monitoring the situation and reporting the risk status to top executives, the Risk Management Committee and the BoG regularly.



- The Compliance unit is directly responsible for consulting with and providing suggestions to staff, as well as ensuring that SET operations comply with SET anti-corruption policy and guidelines. In addition, this unit manages whistle-blowing from staff who found actions likely to lead to corruption, coordinating with the internal audit unit for investigation, for transparency and fair treatment with all parties and then reported to the SET president and the Audit Committee.

3.3 Human resource management

SET recognizes that employees are SET's most valuable resource so it seriously focuses on the importance of recruiting, retaining and developing its human resources, covering safety, benefits, and welfare for all employees, based on righteousness, transparency and fairness. In addition, SET supports and synergizes the positive atmosphere of the workplace, entailing happiness, unity and sustainable loyalty to the organization.

Highlights of human resources management in 2013

Number of full-time staff: As of December 31, 2013, SET had 726 employees, comprised of 229 males and 497 females

Turnover Rate	7.5%
Training	<ul style="list-style-type: none">• 53 courses for executives and staff focusing on leadership, management, working in teams, and enhancing functional skills.• 80% of total number of executives and staff attended, 2,553 man-days in duration.• Total budget: THB 9,466,100 <p>In addition, SET organized training on environment conservation through the "Green Home, Green Office" seminar, encouraging staff to realize the use and value of various resources as applied to each person's circumstances and the organization as a whole.</p>
Welfare benefits	<ul style="list-style-type: none">• Provident fund scheme, medical welfare, scholarships, financial welfare and emergency loans.• SET Employees Club consisting of appointed and elected staff to be the center point for promoting employee-relations activities creating a teamwork spirit, synergy and happiness among executives and staff in the working environment and extending to the society. In 2013, SET Employees Club participated in these activities:<ul style="list-style-type: none">- Blood donation (quarterly) via the Thai Red Cross Society.- Project of "Be(e) Fit, Pi-Chit- Dao" to encourage staff to keep fit, work out and compete in various sports, from July to December.- Making merit (monthly) to monks, organized in the head office of the exchange.



	<ul style="list-style-type: none">• The savings co-operative unit promotes saving and financial support among members. In 2013 it supported 226 members with 738 of loan contracts totaling THB 70,330,722.
Safety and healthcare	<ul style="list-style-type: none">• Maintaining a hygienic and safe work environment, inclusive of annual fire drills.• Arranging annual physical check-ups, sports facilities, as well as providing life and health insurance.

Remuneration and career advancement opportunities

- Having a remuneration system competitive to leading corporations, corresponding with the economic situation and SET's long-term achievements. The evaluation system has been enhanced based on the exchange's achievements and actual individual performance (Performance Based Pay).
- Providing scholarships for master's degree program at universities in Thailand and overseas. In 2013, five scholarships were granted.

Superb working environment and employee participation

SET focuses on the importance of creating a happy working atmosphere for employees, and offered the following activities in 2013:

- Emphasizing work-life balance, SET offered some leisure activities via a campaign called "Be(e) Happy".
- Providing current knowledge-sharing sessions to update employees, covering Health issues, Languages, Information Technology and Financial Management.
- Providing employees of continuous block of leave (5 working days in a row) so employees can manage their annual leave effectively.
- Promoting harmony and synergy among the management and staff of all SET affiliated companies through the "SET31 Legs" sports event, from end of 2013 to early of 2014.

Moreover, SET is committed to effective communications and cascading between top executives and staff and among all management levels. In 2013, the key activities can be summarized as follows:



Activities	Total
<ul style="list-style-type: none">• Town hall meetings: A regular and continuous internal communications channel between top executives and staff to enhance understanding among all staff on SET policies, guidelines and directions. SET welcomes all employee views and recommendations and gives them fair and equal treatment.	4
<ul style="list-style-type: none">• Management meetings: Frequent meetings among top and middle-level executives of each particular department / division to share their views, enhancing business operations, and team working and networking. The executives use these meetings to elaborate on and clarify corporate strategic plans or operation progress as they impact the given work unit.	10
<ul style="list-style-type: none">• Employee engagement: SET has initiated a program called “Little voice, great value” to listen to employee voices on their workplace environment. Regular surveys have been conducted for 9 years. SET will continue to listen to staff feedback on how to make SET a great place to work.	1

3.4 Business partner selection process

SET must select suppliers/business partners with transparency and fair treatment to each and every company or person. The set process, steps and best practices must be followed strictly, and can be summarized as follows:

- Set required qualifications for companies applying as suppliers/business partners and keep them equally informed of all necessary information.
- Possess standardized criteria for selecting suppliers/business partners, managed by the Procurement Working Committee, with benefits to SET.
- Arrange written agreements with suppliers/business partners that are fair to all.
- The procurement and inspection committees which review completed tasks in conjunction with the project owner must be composed of different people. Such review must be completed before processing payment within the timeframe as specified in the agreement.

Moreover, SET is prohibited from conducting business with any person or organization associated with or likely to be tainted by corruption. As such, all SET executives and staff, especially those in procurement, must strictly adhere to best practices.

3.5 Summary of SET activities in 2013 based on protecting rights of investors, listed companies, securities companies and stakeholders



1. Financial products	
<ul style="list-style-type: none">Initially launched infrastructure funds, corresponding with the country's significant development plan and providing opportunities for investors.	<ul style="list-style-type: none">Launched 2 funds as of Dec 31, 2013
2. Support to issuers and listed companies	
<ul style="list-style-type: none">Hosted the 7th Thailand Focus 2013 event, under the theme "Connecting to New Investment Frontiers", tremendously successful in many aspects such as the number of worldwide investors and listed companies participating and meetings held. This event demonstrated that the Thai capital market and economy are in the interest of global investors.	<ul style="list-style-type: none">Total of 186 investorsTotal of 112 listed firmsOver 2,000 small meetings
<ul style="list-style-type: none">Organized roadshows to publicize vital investment information on the profiles of listed firms and the Thai economy, exposing them to international institutions in many countries such as Denmark, England, Germany, Netherlands, Scotland, Sweden and the United States.	<ul style="list-style-type: none">Total of 45 listed companies participated
3. Protection of investors' rights and benefits	
<ul style="list-style-type: none">Set up a securities investor protection fund in 2004 to protect investor benefits, assuring them that assets invested in member companies under this fund would be secure up to the extent set forth.	<ul style="list-style-type: none">Value of the fund was THB 672 million as of December 31, 2013
<ul style="list-style-type: none">Set up a derivatives investor protection fund in 2012, to build confidence among individual investors and local companies that were not institutional investors trading derivatives via securities members companies. Investors are protected against member broker bankruptcy or broker inability to return assets by compensating them for losses in value of assets.	<ul style="list-style-type: none">Value of the fund was THB 59 million as of December 31, 2013
<ul style="list-style-type: none">Added the Excluding Other Benefits or "XB" sign notifying investors that they would have no right to receive benefits from listed and associated companies, e.g., public offerings, preferred stocks, allocated common stocks for preferred stocks, warrants and transferable subscription rights.	<ul style="list-style-type: none">Effective from May 2, 2013



4. Providing information to investors and the public and information channels	
<ul style="list-style-type: none"> Coordinated with the Association of Thai Securities Companies to enable investment from all regions in Thailand. The purpose is to expand investor base and build quality investors nationwide via marketing activities and investment publicity in 2013. 	<ul style="list-style-type: none"> Total of 10 events
<ul style="list-style-type: none"> Organized a SET-TFEX online investor fair in Bangkok to match investment opportunities with enthusiastic investors, urging them to make use of convenient technology at their fingertips, anytime, anywhere. 	<ul style="list-style-type: none"> 1 event Total of 7,000 participants Total of 2,688 transactions 23 member companies joined
<ul style="list-style-type: none"> Set up the “SET Investment Center” in many universities throughout Thailand, acting as center points of investment knowledge for students, teachers, staff and general investors. Such centers are also popular locations for activities, events, seminars on investments organized by securities companies. 	<ul style="list-style-type: none"> Total of 7 locations
<ul style="list-style-type: none"> Organized the proprietary “SET in the City” event, which has become a meeting place between potential and current investors and parties involved in the capital market, e.g., brokers, listed firms, and asset management companies. Such events enabled participants to easily interact, learn about savings and investing, and become more involved in the capital market. In 2013, SET in the City took place in Bangkok and other key provinces. 	<ul style="list-style-type: none"> Total of 3 events (Bangkok /Chiangrai/Surat Thani) Total of 94,900 participants Total of 19,706 transactions
<ul style="list-style-type: none"> Organized opportunity days for listed firms after they reported their quarterly operating results, so that they could easily meet and provide information to analysts, investors and media, including in the Q & A session. 	<ul style="list-style-type: none"> Total of participants: <ul style="list-style-type: none"> 15,154 investors 1,642 analysts 2,946 media representatives Total of 428 companies participated in live telecasts Total of 477,649 viewers from 129 countries watched live telecast and Archived broadcast.
<ul style="list-style-type: none"> Set up an exhibition booth at the nationwide Money Expo events to highlight products and services of SET and TFEX to investors and the public. 	<ul style="list-style-type: none"> Total of 6 events (Bangkok/Chiangmai/Cholburi/Hatyai/Udonthani) Total of 68,500 participants Total of 15,878 transactions 44 member companies joined



3.6 Compliance with rules and regulations

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

3.7 Whistle-blowing policy

SET provides channels for all stakeholders to report or complain about wrongdoings, violations of our code of conduct, incorrect financial reports or internal control systems of the SET group directly to the chairman of the Audit Committee. Investigations will be conducted and the findings will be reported to the SET BoG. SET's whistleblowing policy is available via SET's website in the section "Whistleblowing policy". Whistleblowers can contact SET via:

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

SET has an effective process to ensure that whistleblowers will be protected in good faith. The whistleblower can choose to declare or not declare his / her name or contact details, and the filing will be kept confidential. The whistleblower can request special protection and he / she will receive fair treatment.

In 2013, no such reports were submitted via SET channels.

4. Disclosure and transparency

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

- SET publishes information on its overall operations, names and profiles of SET governors and executives, the structure of SET group operations, news/activities of SET, and issuer activities. In addition, SET publishes information on its corporate social responsibility and CG, including its CG policy, Code of Conduct, trading guidelines for SET governors and staff, and its whistleblowing policy.
- SET annual reports, including audited financial statements and Management Discussion and Analysis, from 2001 to the latest issue can be downloaded, with each report being issued no later than 60 days after year-end, as is the case with listed companies. The 2013 SET financial report was published on February 27, 2014, or 58 days following the end of the period covered, which was before the deadline. The BoG provides a statement of its responsibilities that relate to the SET financial reports alongside the auditor's report in SET's annual report.
- SET engages in public relations and public education via the mass media, including SET's website, television programs, radio broadcast and brochures.



• Investors, listed companies, brokerages and other related parties can access SET information or contact its call center, and obtain automatic service around the clock. In 2013, SET provided outside recipients with 291,816 items of information.

– **S-E-T Call Center** (via telephone number 0-2229-2222 or SETCallCenter@set.or.th) provides services about investment, SET goods and services, SET group, Capital Market Research Institute and Money Channel's activities, and responds to problems about members' services, etc.

– **TSD Call Center** (via telephone number 0-2229-2888 and TSDCallCenter@set.or.th) provides information about registrar services and provident funds, e-Dividend Service, information on shareholders via the internet portal, transferring or reissuing replacement documents (to replace those lost), and discloses earnings of provident funds via interactive voice response service and the website www.tsd.co.th.

In 2013, the SET revamped the SET website and that of its subsidiary www.settrade.com to better provide information for investors and general public as follows:

- SET website (www.set.or.th):
 - Added information on “SET group shareholding structure”.
 - Adding the section “New rules amendments”, so that our listed companies and financial advisors could update themselves much more conveniently than before on all changes to recent rules/regulations issued by SET, Thailand Futures Exchange and Thailand Clearing House Co., Ltd..
- Settrade revamped its website (www.settrade.com), adding more information and functions to help it more effectively cater to the demand of online investors. To allow it to be a complete source and center for information, SET added the following key information and functions to the website :
 - Your Quotes: Information on the user's 3 most recently visited sites
 - SAA Consensus: Display of targeted prices, based on analysts' opinions
 - Upcoming IPOs: Information on new stock listings
 - Social Media: Connections with facebook, twitter and youtube

5. Responsibilities of the Board

5.1 Board structure

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

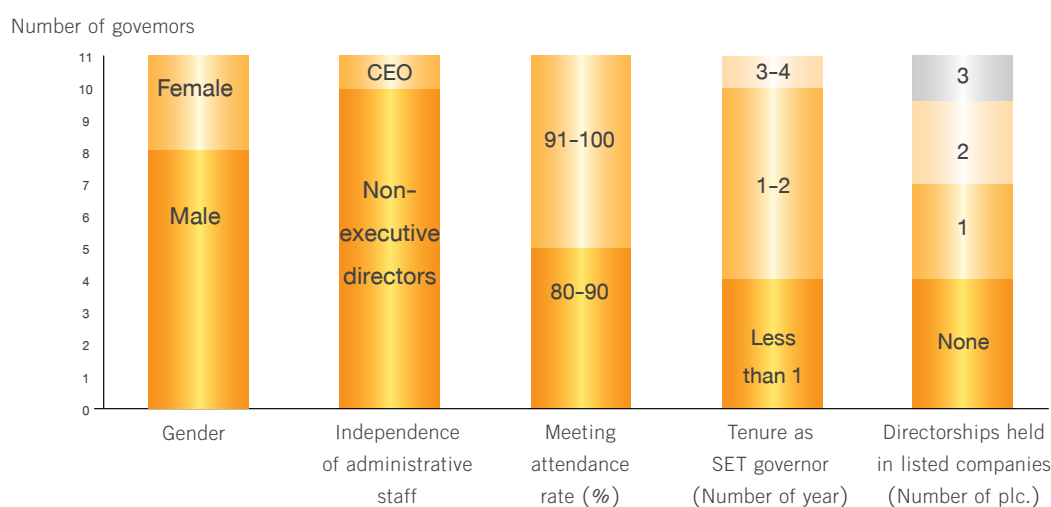
- Five experts appointed by the Securities and Exchange Commission (SEC). Each person must have a high degree of expertise and extensive experience in stock exchanges, securities or finance. At least one person must be a senior executive of a listed company.
- Five experts elected at a SET members' meeting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

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



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

In addition, Sakkarin Ruamrangsri, the senior vice president and head of the SET Legal Affairs Group, serves as BoG Secretary. The Corporate Secretary Department serves the board by providing legal advice, organizing meetings, taking care of board activities and monitoring compliance with its resolutions.



5.2 Roles and responsibilities of the Board

(1) Vision and mission

The BoG endorses the development of SET's vision, mission, strategies, goals and policies. Moreover, the BoG approves the strategic plan, budget and key performance indicators for the coming year and monitors the supervision of operations to ensure effective implementation of its plans within budget. The BoG evaluates and adjusts business plans in response to market changes. Management reports progress on operations and business outcomes to the BoG every quarter.

In addition, the BoG is responsible for reviewing SET's vision and mission every five years, to suitable or in timely fashion to keep SET's development plan up-to-date. The last review was in 2011, when the BoG decided that SET's mission was to be "Matching your right financial opportunities", which is being implemented by sustained expansion of business issuers and investor base, listed company development, new product enhancement, etc.

(2) Assignments and separation of the Board and management

• Committee assignments

In 2013, BoG assigned members to thirteen committees to assist the BoG, scrutinize SET corporate governance (CG) and carry out specialized tasks, e.g., the Audit, Nomination and Corporate Governance, Remuneration, and Risk Management Committees. All SET committees act independently in carrying out their duties as assigned by the BoG.

Additionally, to increase efficiency of SET's CG and social responsibility development, the BoG adjusted the structure of the Nomination and Corporate Governance, and Remuneration Committees into two committees, which are the "Nomination and Remuneration Committee" and "Corporate Governance and Social Responsibility Committee". The Corporate Governance and Social Responsibility Committee is responsible for supporting the good CG and social responsibility systems of both the exchange and its listed companies.

For a list of committees and their duties please see page 86

• **Separation of the BoG and the president**

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

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

SET has adopted internal guidelines setting forth matters that require approval and empowerment by the Board to facilitate day-to-day operations and administration with effective internal control and reporting. BoG has approved procedures for delegation of authority, e.g.:

– For fixed assets and operating expenditures within the budget approved by the Board. Budget items over THB 2 million shall be submitted for approval by the Board,



- For investments or procurements not exceeding THB10 million. Investments or procurements over THB 5 million shall be reported to the Board quarterly,
- For human resource management where positions and headcounts have been approved by the Board. Headcount increases of over 10 percent must be submitted to the Board for approval.

- **Authorities, duties and responsibilities of the BoG Chairman**

1. Convene BoG meetings.
2. Chair BoG meetings. Encourage all governors to actively take part in BoG meetings, including voicing their views, raising critical questions, consulting, guiding, etc. In case of a tie, the chairman will have a casting vote.
3. Ensure the effective discharge of the BoG's functions and responsibilities.
4. Support the Board's self-assessment and evaluation processes.
5. Provide support, advice, and supervision to the president to enhance operating effectiveness and efficiency.

(3) Succession planning

SET realizes the importance of succession planning to ensure the progressive and orderly continuation of the work of SET's president and other members of executive management. The process to select a successor is clear and transparent, considering the background, competency, ethics, vision and leadership skills of candidates. Results of the succession planning process shall be reported for Board acknowledgement regularly.

In 2013, SET's senior management undertook continuing training, totaling 2,111 man-days, in programs such as the Leading Culture Change Workshop, Leadership Challenge Program, Executive Coaching, and Executive Program of various major institutions.

(4) Corporate governance

SET conducts business with fair and equitable treatment to ensure trust and credibility for all stakeholders. The BoG strives to maintain good CG practices in all activities. In January 2014, the BoG assigned the Corporate Governance and Social Responsibility Committee to support the good CG and social responsibility of both the exchange and our listed companies.

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

- **The SET Code of Conduct** has been set out for SET governors, committee members, advisors and employees to acknowledge and agree to adopt its principles as their own in performing their SET duties; all must sign the Code prior to beginning work.

SET's Compliance unit receives information and complaints of behavior or any incident which may go against the Code of Conduct. To fairly treat all concerned parties, the Code of Conduct and SET website explicitly detail the whistle-blowing process, including how complainers and/or investigators are protected.



• **Trading of SET-listed securities by SET governors and employees** SET governors and employees must not exploit confidential information during the course of their work or misuse their authority or position in their trading of listed securities. The BoG has notified SET governors and employees of the practices that they are required to follow in the acquisition and disposition of such securities. Governors must report on securities held in their own accounts or any accounts held by their spouses or minor children; such reports shall remain confidential. All employees are required to seek prior written approval from their supervisor before transacting any securities transaction, but staff who have access to unpublished price-sensitive information are prohibited from trading. Also, employees may sell securities only after they have been held for 30 or more days.

• **Policies and guidelines on conflicts of interest.** To guide all SET staff to act in the interests of the Exchange, without favor or preference based on possible direct or indirect personal gain, the Exchange has provided examples of situations in which a conflict of interest may arise and procedures to follow in these cases. These actions include:

- barring oneself from serving on the boards of, or as consultants to, listed companies or member firms; observing the rules on serving on the boards of other companies or organizations, and seeking the president's approval for certain actions. If the president is the person in question, he/she must seek prior approval from the chairman.
- disclosing in writing any relationship, both direct and indirect, with any person engaging in transactions with SET, and to abstain from participating in the procurement process.

As of December 31, no SET senior executive served as a director, committee member, or advisor of any other companies.

Continuing to strengthen employees' understanding of CG

- Disseminating CG policy and Code of Conduct via SET's intranet and on its website (www.set.or.th);
- Providing meetings for employees to increase their understanding of SET's CG policy and Code of Conduct;
- Regularly disseminating the CG Journal in CG Corners through SET's intranet;
- Organizing "SET CG Day 2013: Be a good person, be happy" to emphasize the importance of good CG as a virtue SET organized various CG activities to instill an understanding of CG (focused on anti-corruption, intellectual property, and practices on acquisition and disposition of SET-listed securities) by employees, e.g., through participating in the contest "CG in the Frame", a CG exhibitions board, and a CG talk session with the SET president and other executives joining in the seminar.

Monitoring compliance with CG policy and Code of Conduct

In 2013, there was no complaint involving wrongdoing or business malpractice by SET governors, management or staff that went against SET CG policies or Code of Conduct. In 2013, there was no case involving a Board member or SET employee for violation of SET rules and regulations or using insider information or misusing authority in securities trading.

Confidentiality and data usage

BoG recognizes the confidentiality of SET information and protection against conflicts of interest by not using confidential information dishonestly. SET includes these principles in its Code of Conduct for governors and staff to comply with strictly, e.g., not exploiting SET confidential information for personal benefit, maintaining SET confidentiality so that documents or information will not leak, resulting in damage to SET; or not disclosing SET information even after leaving SET.

Beginning in 2012, SET implemented the Data Leak Prevention process, which is a tool for controlling publication of information and protecting confidentiality.



Letter of Independence

To guarantee impartiality in the performance of their duties, the BoG requires all governors, committee members and advisors of the Exchange and its subsidiaries to execute a Letter of Independence each time they are appointed to a committee or given a special task, and at the end of every calendar year. Where they have any direct or indirect interest in the consideration of a matter, they are required to notify the parties concerned in advance of each potential conflict of interest, and to abstain from participating or voting in the particular matter under consideration.

(5) Internal control system

Realizing the importance of internal controls at every level, the BoG has strongly supported management in setting up transparent working processes, including segregating duties, checks and balances, and controls, as well as establishing a monitoring system to ensure that management's corrective actions were implemented. In addition, delegation of authority has been clearly determined and documented. The BoG appointed an Audit Committee to supervise and review SET's internal control system to ensure conformity with international standards. The Internal Audit Department is an independent function that reports directly to the Audit Committee on audit matters and to the president on administrative matters. Audit Committee members are subject to approval, removal or dismissal and evaluate the Head of the Internal Audit Department. Wipha Leethakulnumchai is the Head of the Internal Audit Department.

The Internal Control unit is independent and assesses the information needed for auditing and audits, and evaluates the adequacy and effectiveness of the internal control systems according to SET's audit plan, which was developed using a risk-based approach. The audit findings and reports on implementation of audit findings and recommendations have been directly reported to the Audit Committee.

In 2013, SET operations and activities supporting SET's internal audit system development and internal auditing to be more effective were as follows:

- SET developed a new trading system ("SET Connect") and a new clearing system for investors to trade more easily and effectively. SET emphasizes system development that meets international standards, with continuous testing and pre-implementation reviewing by SET's Internal Audit Department to ensure a smooth launch prior to launching the system within 2014.
- SET reviewed and revised its security policies to keep up with the changing environment, IT usage, and ISO/international standards to set guidelines enabling computer systems to continue operating effectively and safely. In 2013, SET promulgated its social media policy to remind employees of their personal responsibilities when using social media. Also, auditors advised and reviewed SET's IT management practices so SET become ISO/IEC27001-certified in 2013.
- The Internal Audit Department has continuously developed the quality of its work by attending training and development courses and improving its staff's IT audit skills e.g., using web applications and penetration testing and visiting other exchanges. The Internal Audit Department has continuously developed the quality of its work by training and improving its staff's IT audit skills e.g., using web applications and penetration testing. In 2013, internal auditors undertook 68 man-days of training. In addition, internal auditors went overseas to another exchange to share internal audit experiences totaling 6 man-days.
- SET requires a quality assessment by an external evaluator every five years. In 2013, the Internal Audit Department continued to improve its planning and auditing process by implementing the external independent evaluator's suggestions, made in 2011.



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

(6) Risk management

The BoG emphasizes the importance of systematic risk management, and is responsible for designating policies and a framework of risk management for the organization and appointing the Risk Management Committee (RMC). The RMC, comprised of experts in risk management, advises and makes recommendations to management to ensure that SET's risk management process is in line with policies and international standards, and includes all enterprise-wide significant risks. In addition, the RMC advises on the clearing risk of derivatives and securities managed by Thailand Clearing House (TCH) to give the BoG an overall view of SET's risk exposure and management. SET manages three corporate risks: 1.Strategic risk 2. Business risk and 3. Process risk.

SET's risk is managed by risk owners, who identify and assess risk in accordance with specified criteria, provide measures to manage the risk within an acceptable level, and monitor and report on these risks. In addition, they regularly review the adequacy and efficiency of mitigation measures to ensure that SET can handle incidents in timely manner. Thus as a part of SET's introduction of its trading system SET CONNECT, the BoG, Audit Committee and Risk Management Committee recommended steps to be taken to manage risk prior to launching the system.

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

- Regularly monitoring and reporting on organizational risk status in all functions to the BoG and RMC for acknowledgement, including reporting on implementation of the derivatives trading system which will be launched within 2014.
- Maintaining a Business Continuity Plan, with regular reviews; updating BCP documents and conducting exercises annually with other participants in the Thai capital market. As disasters may occur at any time, SET acknowledges the importance of preparing the staff and operations for both its main and alternate sites. SET also conducted back-up system testing with member companies to ensure continuous securities trading even if any disruption affected its main sites.
- Regularly monitoring and reporting on organizational risk in all functions to the BoG and RMC for acknowledgement as well as reporting on risk operations to the Audit Committee quarterly.
- Continually inculcating a risk management culture among SET executives and employees, such as organizing a seminar on enterprise risk management for all functions; meeting "risk representatives" from all functions to increase their understanding of risk assessment and risk management procedures, and informing staff about risk management through an exhibition board in the CG day event.

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



(7) Financial reports

The BoG is responsible for the financial reports of SET group, including the information disclosed in the annual report. The financial report preparation and disclosure process was established to ensure that all information is accurately and adequately disclosed in timely fashion in accordance with generally accepted accounting principles and standards and truly reflects SET's financial status and operating results. The financial report was audited by an independent external auditor and reviewed by the Audit Committee prior to report to the BoG for approval (The Audit Committee's opinion is stated in that Committee's report).

(8) Audit Fee for the year 2013

- **Audit Fee:** In 2013, The Stock Exchange of Thailand and its subsidiaries paid the audit fee of Baht 2,172,000 to the audit firm relating to an audit work.
- **Other Service Fee:** None

5.3 Board meetings

(1) Meetings are scheduled on a monthly and quarterly basis one year in advance. The BoG is informed at the Board meeting each December of the meeting schedule for the coming year, so that governors and executives are given ample notice and can attend as many meetings as possible. Special meetings are convened as necessary.

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

(3) The Corporate Secretary Department is responsible for preparing meeting notification letters, including the agenda, and distributing meeting documentation at least seven (7) days prior to each meeting to allow the governors sufficient time to consider details in advance. If a special meeting is convened due to an emergency, meeting documentation may be distributed less than seven days prior to or on the day of the meeting. The corporate secretary is responsible for preparing meeting minutes, and submitting these to the BoG for approval at its next meeting.

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

(5) The chairman presides over meetings, ensuring that sufficient time is available for management to present issues and other matters to the board for their full consideration, including full and open discussion. In 2013, each meeting took about half a day.

(6) The BoG may invite senior management to discuss matters that they are directly responsible for and propose policies or principles for implementation. These discussions also give opportunities for discussing succession planning with the BoG. (the BoG will discuss about succession plan without management's attend).

(7) Each director is responsible for attending board meetings, except for urgent reasons.

In 2013, there were 16 board meetings, including two in which non-executive directors were able to meet among themselves, without the management team present, to consider management operations. The average attendance rate was 92.61%, as shown below. The president also receives the results of board meetings.



Governor (All board members, except the president, are non-executive directors)		Attendance / Number of Meetings (times)			
		BoG (Total: 16 meetings)	Audit Committee (Total: 14 meetings)	Nomination and CG Committee (Total: 11 meetings)	Remuneration Committee (Total: 10 meetings)
Current governors					
1. Sathit Limpongpan	Chairman ⁽¹⁾	7/7			
2. Pattera Dilokrunghirapop	Vice Chairman	15/16		10/11	9/10
3. Chaipatr Srivisarvacha	Governor	14/16	7/8		
4. Charnchai Kongthongluck	Governor ⁽²⁾	9/10			
5. Kaisri Nuengsigkapien	Governor	15/16	14/14	10/11	9/10
6. Rapee Sucharitakul	Governor	14 ⁽⁷⁾ /16		11/11	10/10
7. Sasitorn Phongsathorn	Governor	15/16		10/11	10/10
8. Suthep Peetakanont	Governor	16/16			
9. Suthichai Chitvanich	Governor ⁽³⁾	6 ⁽⁷⁾ /7			
10. Yothin Nerngchamnong	Governor	16/16	4/4		
11. Charamporn Jotikasthira	President	14 ⁽⁸⁾ /16		11/11	10/10
Governors whose terms ended during 2013					
1. Sompol Kiatphaibool	Chairman ⁽⁴⁾	9/9			
2. Paiboon Nalinthrangkurn	Governor ⁽⁵⁾	5/6	6/6		
3. Subhak Siwaraksa	Governor ⁽⁶⁾	8/9	8/9		

Note :

- ⁽¹⁾ Appointed as a governor September 6, 2013, and as chairman September 18, 2013
- ⁽²⁾ Appointed May 28, 2013
- ⁽³⁾ Appointed September 6, 2013
- ⁽⁴⁾ Term ended September 5, 2013
- ⁽⁵⁾ Term ended May 27, 2013
- ⁽⁶⁾ Term ended September 5, 2013
- ⁽⁷⁾ Leave the BoG meeting because of SET received call an urgent meeting from abroad.
- ⁽⁸⁾ Two meeting of non-exceutives directors.



5.4 Board assessment

The BoG assesses its own performance annually, to review the results from responsible of duty, including problems faced, and to enhance working efficiency including supporting CG practices. The board assessment is divided into three parts: 1) assessment of the BoG as a whole; 2) individual assessment (self-assessment); and 3) individual assessment (by peers). This year the BoG established a method of “individual assessment (by peers)” to upgrade the quality of its continuous CG.

The BoG assesses its own performance annually, to review the results from responsible of duty working, including problems faced, and to enhance working efficiency including supporting CG practices. The board assessment is divided into three parts: 1) assessment of the BoG as a whole; 2) individual assessment (self-assessment); and 3) individual assessment (by peers). This year the BoG established a method of “individual assessment (by peers)” to upgrade the quality of its continuous CG.

Therefore, the board assessment is divided into three parts: 1) assessment of the BoG as a whole; 2) individual assessment (self-assessment); and 3) individual evaluation (by peers).

The assessment criteria and results of the BoG and its committees are as follows:

(1) The criteria for assessment of the BoG as a whole were classified into eight sections:

Section 1	Strategy and business planning
Section 2	Risk management and Internal control
Section 3	Conflicts of interest
Section 4	Corporate governance
Section 5	Delegation of authority
Section 6	Preparation of BoG for meetings
Section 7	Meetings
Section 8	Assessment of and succession planning for executives

“For 2013, the average BoG score on a given section was 4.49/5.00, for a total of 89.8%”. Almost all directors thought that the BoG had a role in considering/reviewing the SET’s mission and vision, had a good understanding of the SET’s strategies, and was responsible for correctly and adequately disclosing the financial status of SET group, All governors regularly attended BoG and committee meetings and presented creative opinions, carefully considered objectives, and gave serious consideration to the issues, including assessing performance of the president and other members of executive management by benchmarking individual performances against KPIs.

(2) The criteria for self-assessment of individual directors were classified into four sections: 1. Discharge of duties of the Board, 2. Meetings, 3. Independence, and 4. Self-development of directors.

The overall assessment result for the four areas in 2013 was 4.72/5.00, for a total of 94.40%. Most directors thought that they were highly independent in terms of responsibility for and treatment of stakeholders without conflicts of interest. All directors signed the letter of Independence to guarantee impartiality in the performance of their duties. Where they had any direct or indirect interest in the consideration of a matter, they abstained from participating or voting in the particular matter under consideration.



(3) The criteria for assessment of individual directors --by peers, by group of 3-4 directors (3-4:1), were classified into four sections as listed above for direct comparison.

The overall assessment result for the four areas in 2013 was 4.59/5.00, for a total of 91.80%. Most directors thought that they had an in-depth understanding of SET's vision/mission and business plan; had conformed with laws and SET's governance practices; and had discharged their duties without conflicts of interest in SET's business operations.

(4) The criteria for assessment of the chairman included many aspects, such as encouraging all governors to actively take part in BoG meetings, promoting a culture of openness and debate, and encouraging each governor to review the BoG minutes before endorsing them. The Chairman of the Corporate Governance and Social Responsibility Committee reported the result to the chairma. The corporate secretary informed the BoG of the assessment results for the BoG as a whole and the individual directors' self-assessment for acknowledgment and to use in improving work performance.

In 2013, the self-assessment results of the Audit, Remuneration and the Nomination and Corporate Governance, and Risk Management Committees were reported to the BoG for acknowledgment.

5.5 Board and management remuneration

Subject to the provisions of the Securities and Exchange Act, the BoG chairman and other BoG members receive remuneration as determined by a meeting of member companies. This ensures that all payments are decided transparently and without the governors' involvement.

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

The Remuneration Committee also recommended the compensation policies and amounts for individual members of other committees, the president and executive management to be approved by the BoG. The annual performance assessment criteria of the president and other members of executive management is clearly defined, which is to benchmark individual actual performance against their respective KPIs, individual compliance with BoG policies, the overall economic environment and historical records.

BoG members received monthly remuneration as approved by the annual general meeting of member companies. Board members who were also on other committees received additional remuneration as approved by the BoG to reflect their liabilities and responsibilities.



In 2013, remuneration for Board and committee members was:

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

• **Remuneration of directors**

Current governors	Remuneration (THB)					Total
	BoG	Audit Committee	Nomination and CG Committee	Remuneration Committee	Other committees and boards of subsidiaries	
1. Sathit Limpongpan	1,738,333				75,000	1,813,333*
2. Pattera Dilokrunghirapop	936,000		150,000	90,000	134,000	1,310,000
3. Chaipatr Srivisarvacha	936,000	350,000			120,000	1,406,000
4. Charnchai Kongthongluck	546,000				120,000	666,000
5. Kaisri Nuengsigkapien	936,000	900,000	100,000	135,000		2,071,000
6. Rapee Sucharitakul	936,000		110,000	100,000	374,000	1,520,000
7. Sasitorn Phongsathorn	936,000		100,000	100,000		1,136,000
8. Suthep Peetakanont	936,000				410,000	1,346,000
9. Suthichai Chitvanich	312,000				225,000	537,000
10. Yothin Nerngchamnong	936,000	200,000			310,000	1,446,000
11. Charamporn Jotikasthira	936,000					936,000
Governors whose terms ended during 2013						
1. Sompol Kiatphaibool	3,896,000				180,000	4,076,000
2. Paiboon Nalinthangkurn	390,000	250,000			10,000	650,000
3. Subhak Siwaraksa	624,000	400,000			20,000	1,044,000

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

• **Management remuneration**

In 2013, SET's most senior executives--- the president, five executive vice presidents and ten senior vice presidents, for a total of sixteen--were remunerated a total of THB 154,338,960.54 for their services.



5.6 The development of Board members

BoG encourages continuing domestic and overseas training for governors and executives to improve their performance and vision. SET conducts a comprehensive orientation program for new governors, with an introduction to the Exchange, its business and governance practice, business plans and an overview of SET's subsidiary companies. They receive handbooks describing their roles and responsibilities, covering information which they need to be familiar with.

In 2013, BoG members undertook continuing education in areas such as directors' duties and responsibilities or financial reporting, so as to properly discharge their duties as board members, including training courses with the Thai Institute of Directors, seminars for developing the Thai capital market; a seminar on "Sustainability Investment: Time for Benchmarking"; and joining as guest speakers for a seminar on "Readiness and Opportunity of the Thai Capital Market in a Rising Asian Trend". In addition, BoG members joined in many activities organized by SET for investors and the general public to enable them to access investment-related information conveniently, such as "SET in the City", "Thailand Focus 2013: Connecting to New Investment Frontiers", and "SET Awards 2013" events.

In 2013, BoG members visited the Ontario Securities Commission, New York Stock Exchange, other financial institutions in Canada and the United States, and security companies in Australia in order to enhance their expertise and strengthen their relationships with other participants in the capital market.

Current governors	Training with the Thai Institute of Directors Association (IOD)								
	Director Certification Program (DCP)	Director Accreditation Program (DAP)	The Role of The Chairman The Program (RCP)	Chartered Director Class (CDC)	Audit Committee Program (ACP)	The Executive Director Course (EDC)	Financial Institutions Governance Program (FGP)	Role of the Compensation Committee (RCC)	Chartered Director Class (R-CDC)
Sathit Limpongpan	✓		✓		✓		✓		
Pattera Dilokrunthirapop	✓	✓	✓						
Chaipatr Srivisarvacha	✓		✓						
Charnchai Kongthongluck	✓								
Kaisri Nuengsigkapan	✓ *		✓ (2013)					✓ (2013)	
Rapee Sucharitakul	✓ *		✓ *	✓		✓		✓ *	
Sasitorn Phongsathorn	✓	✓					✓		
Suthichai Chitvanich	✓		✓						✓
Suthep Peetakanont	✓		✓						
Yothin Nerngchamnong	✓								
Charamporn Jotikasthira		✓							

Note : * Designates directors who were trainers for IOD.



Committees of The Stock Exchange of Thailand (SET) 2014 As of 19 February 2014

1. Appeals Committee
2. Audit Committee
3. Corporate Governance and Social Responsibilities Committee
4. Disciplinary Committee
5. Legal Affairs Committee
6. Nomination and Remuneration Committee
7. Listing Expansion Committee
8. Risk Management Committee
9. Securities Investor Protection Fund Committee
10. SET Head Office Construction Committee

1. Appeals Committee

Support unit: Enforcement Department

Structure: Three to five members, appointed by the SET BoG with the approval of the SEC. Each member must be expert in at least one of the following fields: law, finance and accounting, or the brokerage business.

Term: July 1, 2013 to June 30, 2015

Name		Position
1. Hiran	Radeesri	Chairman
2. Chokechai	Tanpoonsinthana	Member
3. Manop	Nagadatta	Member
4. Prasit	Kovilaikul	Member
5. Somjin	Sornpaisarn	Member

Responsibilities of the Appeals Committee are:

1. To review any appeal made against any punishment or orders laid down by the SET BoG, Disciplinary Committee or President, and to determine the innocence or guilt of appellants.
2. To review any requests for suspension of execution of punishment or orders in which any conditions or collateral are stipulated or required.
3. To advise the SET BoG regarding punishments, reductions in punishments, orders not to punish, confirming punishment orders being appealed, or any other matter raised by appellants.
4. To order the termination of any appeal withdrawn prior to or during deliberation by the Appeals Committee.



2. Audit Committee

Support unit: Internal Audit Department

Structure: Members are three SET Governors. One member must be from among the governors appointed by the Securities and Exchange Commission, the second from among the governors who are executives of member companies and also elected by SET members, while the third may be any of the remaining governors who must be knowledgeable in accounting finance or auditing.

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

Name		Position
1. Kaisri	Nuengsigkapien	Chairman
2. Chaipatr	Srivisarvacha	Member
3. Yothin	Nerngchamnong	Member

Responsibilities of the Audit Committee are stipulated in the Audit Committee charter:

1. To review SET's financial reports before forwarding them to the BoG.
2. To advise management on the appointment of SET's auditor and determine the auditor's remuneration; coordinate with the auditor on auditing objectives, coverage, guidelines, planning and problems found during the audit, and any issues the auditors deem significant.
3. To coordinate with SET's Internal Audit Department on audit objectives, planning, reports and evaluations of the efficiency of SET's internal control system and of the adequacy of resources used for internal control, including any problems found during an audit.
4. To consult and review results and recommendations of the auditors and the Internal Audit and Risk Management Department, and follow up any operational management matters consequent to those recommendations.
5. To monitor compliance with the laws, rules and regulations issued by SET's regulators.
6. To monitor the management of SET's principal risks.
7. To report all operations of the Audit Committee to the BoG at least four times a year.
8. To be responsible for any duties related to the Audit Committee as assigned by the BoG.



3. Corporate Governance and Social Responsibilities Committee

Support unit: Sustainable Development Department

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

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

Name		Position
1. Pattera	Dilokrunghirapop	Chairman
2. Kaisri	Nuengsigkapan	Member
3. Rapee	Sucharitakul	Member
4. Sasitorn	Phongsathorn	Member
5. The SET President		Member

Responsibilities of the Corporate Governance and Social Responsibilities Committee are:

1. Corporate governance and social responsibility of the listed companies

(1) To review the Corporate Governance (CG) and Social Responsibility (SR) policies and framework to enhance listed companies, enterprises, and related entities in the capital market, including developing guidelines to implement CG and SR in the companies and thus achieve the sustainable growth and create value in Thai capital markets, society and nation.

(2) To advise the SET BoG, and the SET management on CG and SR matters affecting the Thai capital markets.

2. Corporate governance and social responsibility of the SET

2.1 Corporate governance of the SET

Review and advise the SET BoG. on the following matter:

(1) To review the SET's CG framework, CG policy, and Code of Conduct suitable for the SET operational structure and comparable to international standard on CG practices or principle.

(2) To examine the compliance with SET CG policy and publicly disclose in the annual report.

(3) To review the procedure of SET BoG annual assessment, Including report the assessment summary to the SET BoG.

(4) To advise SET BoG on the determination of the SET CG development plan following with the SET's CG principle.

(5) To advise the SET BoG and management on the development of SET corporate governance.

2.2 Social Responsibility of the SET

(1) To review the SET's SR framework and sustainable development guideline comparable to international standard on SR practices or principle.

(2) To advise, the SET BoG on SR development plan following with the SET's SR framework.

(3) To provide the SET BoG and the SET management with advice, opinion and recommendation regarding SET's SR development.



4. Disciplinary Committee

Support unit: Enforcement Department

Structure: Four members. One member must be governor; one who is knowledgeable and has experience in SET affairs, the brokerage business, or the financial business, one legal expert, and the SET president or an executive from the senior vice president level or above as delegated by the SET president.

Term: January 1, 2013 to December 31, 2014

Name		Position
1. Pattera	Dilokrunghthirapop	Chairman
2. Rapee	Sucharitakul	Member
3. Suthep	Peetakanont	Member
4. Sutthi	Sookying	Member
5. The SET executive who is responsible for the Legal Affairs Group		Member

Responsibilities of the Disciplinary Committee are:

1. To examine any alleged wrongdoing and penalize any individual or juristic person who violates, or associates with others in violating SET's rules and regulations, and report to the SET BoG, except in cases concerning:

- (a) a securities delisting
- (b) a temporary trading suspension of a member company
- (c) a membership revocation
- (d) other cases as deemed appropriate by the SET BoG.

In the exceptions above, the Disciplinary Committee will examine facts and evidence, report its findings and give its recommendations to the BoG for action.

2. To examine, give explicit instructions according to SET rules and regulations, and take any other action in any case deemed necessary to determine guilt or innocence and penalties to be imposed, if any.



5. Legal Affairs Committee

Support unit: Legal Department

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

Term: February 19, 2014 to December 31, 2014

Name		Position
1. Suthichai	Chitvanich	Chairman
2. Khemchai	Chutiwongse	Member
3. Songdej	Praditsmanont	Member
4. Tithiphan	Chuerboonchai	Member
5. Wichien	Harnpraween	Member

The responsibility of the Legal Affairs Committee is to provide the SET BoG, SET and SET Subsidiaries with advice, opinions and recommendations regarding SET's rules and regulations, TFEX's rules and regulations and related laws.

6. Nomination and Remuneration Committee

Support unit: Human Resources Department

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

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

Name		Position
1. Sasitorn	Phongsathorn	Chairman
2. Kaisri	Nuengsigkapien	Member
3. Pattera	Dilokrunthirapop	Member
4. Rapee	Sucharitakul	Member
5. The SET President		Member

Responsibilities of the Nomination and Remuneration Committee are: To consider and provide the SET BoG with the following matters for approval

1. Nomination

- (1) To review the nomination of SET senior executives who are qualified for positions in the SET and its subsidiaries.
- (2) To review the annual Succession Plan for SET president and SET senior executives position.
- (3) To consider the process of orientation to the new governor and development continuing education to the SET BoG.
- (4) To undertake any other responsibilities assigned by the SET BoG.

2. Remuneration

(1) To review the policies and regulation regarding the remuneration of SET BoG, committees, advisors SET subsidiaries's Board of directors nominated by SET BoG including working group.



(2) To review the SET's employing remuneration structure (3) (4) To review the remuneration, salary adjustments and other compensations of SET's senior executives.

(3) To undertake any other responsibilities assigned by the SET BoG.

7. Listing Expansion Committee

Support unit: Issuer and Listing Division

Structure: The SET chairman, two SET Governors, SET president, representatives from related organizations such as the Ministry of Foreign Affairs, Fiscal Policy Office, State Enterprise Policy Office, Thailand Board of Investment, Federation of Thai Capital Market Organizations, The Federation of Thai Industries, The Office of the Securities and Exchange Commission, The Thai Banker's Association, The Thai Chamber of Commerce & Board of Trade of Thailand, to promote and support high potential companies to be listed on SET and mai.

Term: January 1, 2014 to December 31, 2014

Name		Position
1. The SET Chairman		Chairman
2. Chalee	Chantanayingyong	Member
3. Chartsiri	Sophonpanich	Member
4. Damrong	Kraikruan	Member
5. Isara	Vongkusolkrit	Member
6. Paiboon	Nalinthrangkurn	Member
7. Pattera	Dilokrunthirapop	Member
8. Payungsak	Chantsutipol	Member
9. Prasong	Poontaneat	Member
10. Somchai	Sujjapongse	Member
11. Srirat	Rastapana	Member
12. Udom	Wongviwatchai	Member
13. Yothin	Nerngchamnong	Member
14. The SET President		Member
15. Executive Vice President & President-Market for Alternative Investment (mai)		Member and Secretary

Responsibilities of the Listing Expansion Committee is to support the SET policy to persuade high potential both Thai and foreign companies, especially companies in Greater Mekong Subregion (GMS) and ASEAN, to raise fund through the SET and the Market for Alternative Investment (mai) in various models, including support listed companies in efficiently utilizing the capital market., as well as support and amend SET rule, regulations, and investment limitation for the benefit of new listing, and maintaining the status of listed companies in SET and mai.



8. Risk Management Committee

Support unit: Risk Management Unit

Structure: At least seven members, including one SET governor, one or more experts as the BoG may see fit, and at least three executives of SET.

Term: January 1, 2014 to December 31, 2014

Name		Position
1. Rapee	Sucharitakul	Chairman
2. Anya	Khanthavit, PhD	Member
3. Suthep	Peetakanont	Member
4. Ruchukorn	Siriyodhin	Member
5. Somkiat	Sirichatchai	Member
6. Suthichai	Chitvanich	Member
7. The SET President		Member

Responsibilities of the Risk Management Committee are:

1. To advise the SET BoG and management on risk management policies and frameworks to ensure the efficient management of all business risks and performance of duty-of-care.
2. To provide advice and recommendations to the Risk Management Unit regarding management of all risks.
3. To review the suitability of risk assessment methodology used to ensure that all significant risks are being adequately monitored and managed.

9. SET Head Office Construction Committee

Support unit: Assets Management Department, CMDF

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

Term: January 1, 2014 to December 31, 2014

Name		Position
1. The SET Chairman		Chairman
2. Manop	Nagadatta	Member
3. Sasitorn	Phongsathorn	Member
4. Soammaphat	Traisorat	Member
5. Suthep	Peetakanont	Member
6. Suthichai	Chitvanich	Member
7. The SET President		Member

Responsibilities of the SET head office Construction Committee are:

- 1.To advise the SET BoG on matters of land, buildings, and location development policies and master plans, including operational guidelines for SET, its subsidiaries and other related entities. The Committee shall bear in mind current usage and organization, and short-and long-term development demands arising from SET's strategic plan.
- 2.To appoint working committees members to take action relating to land and property development, following SET policies, as the SET head office Construction Committee deems appropriate.

10. Securities Investor Protection Fund Committee

Support unit: Member Services Department

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

Term: January 1, 2014 to December 31, 2014

Name		Position
1. Suthichai	Chitvanich	Chairman
2. Charnchai	Kongthongluck	Member
3. Mongkon	Leelatum	Member
4. Pornpring	Suksantisuwan	Member
5. The Director CMDF Office responsible for the Assets Management		Member
6. The senior vice president responsible for Market Supervision Division		Member and Secretary

Responsibilities of the Securities Investor Protection Funds Committee are:

- 1.To determine fund management policies, including possibilities of alternative investments that the committee deems appropriate.
- 2.To examine all relevant facts and evidence concerning investor protection and report its findings to the SET BoG.
- 3.To boost investor confidence in buying or selling securities traded in SET.
- 4.To undertake any other responsibilities and activities assigned by the SET BoG.



Audit Committee Report

The Stock Exchange of Thailand (SET)'s Audit Committee consists of three independent directors with expertise and experience in the capital market, accounting, finance, management or auditing. It is chaired by Kaisri Nuengsigkapan, CPA, with Chaipatr Srivisarvacha and Yothin Nerngchamnong as members.

Chaipatr Srivisarvacha and Yothin Nerngchamnong were appointed to the Committee, effective June 19, 2013 and September 18, 2013 respectively, to succeed Paiboon Nalinthrangkurn and Subhak Siwaraksa, whose terms expired.

In 2013, the Committee held 14 meetings, including one with the executive management team and without the presence of the internal auditors. There were three meetings with SET's external auditors to review and discuss the auditing plan and results. Two of these meetings with the external auditors were without the presence of management to ensure the auditor's independence. The attendance record of the Audit Committee's members is shown in the Corporate Governance Report on page 62

The Committee has performed its duties and exercised due authority under the scope of authority and responsibilities assigned by the Board of Governors (BoG), as shown on page... XX. The Committee formally reported all matters within its duties and responsibilities to the BoG on a quarterly basis. A summary of key activities in 2013 is as follows:

Financial statements:

The Committee reviewed SET's quarterly statements by meeting with Management and reviewed the 2013 annual financial statements by meeting privately with the external auditor to consider the accuracy and completeness of the information disclosed, including on related party transactions, internal control in the preparation of the financial statements and compliance with generally accepted accounting standards.

Risk management:

The Committee reviewed enterprise risk management (ERM) policies and processes. Quarterly meetings were held with SET's ERM team and an annual meeting with the Risk Management Committee to ensure that internal audit and risk management operations were moving in the same direction for utmost benefit to the organization. The Committee emphasized information and technology security risk management and, as a result, SET was certified for ISO/IEC 27001 in June 2013.

Internal control:

The Committee assessed the adequacy and effectiveness of SET's internal control system through reviewing the internal audit report combined with the external auditors' views. The Committee also followed up on internal control enhancement by inviting the management team to explain the problem-solving process and solutions, as well as providing information and views on key issues.

Internal audit:

The Committee reviewed and approved the internal audit plan considering the adequacy and appropriateness of internal audit resources as well as the internal auditor's independence. The Committee reviewed and examined SET's internal audit operations and concluded that they met their objectives.



In 2013, the Committee supported the internal auditor professional enhancement plan through business familiarization trips to other exchanges to share and gain insights.

Corporate governance (CG):

The Committee held quarterly meetings with the compliance unit's management team to review SET's CG process in complying with SET CG policy and Code of Ethics. The Committee also supported other good CG practices, such as by enabling employees and other stakeholders to direct their complaints to the Committee's Chairperson through SET's website under "Whistleblowing policy".

Regulatory compliance:

The Committee met with the management teams responsible for regulatory compliance and internal audit to review and ensure that SET operations complied with laws and regulations. In 2013, the Committee advised SET to establish a social media policy to guide all employees when communicating online. This policy is to protect personal and corporate images and prevent the disclosure of significant or confidential information.

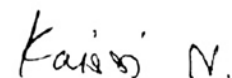
Performance assessment:

The Committee assessed itself annually through the AC Self-Assessment form, in line with Securities and Exchange Commission guidelines and international best practice. The 2013 results indicated that performance was "good".

Appointment of 2014 external auditors:

The Committee reviewed the external auditors' performance and independence in 2013 and recommended to the BoG that PriceWaterhouseCoopers ABAS Ltd. (PwC) be appointed as SET Group auditor for 2014 due to their professional practices, experience in discharging their duties and independence, for approval by the meeting of member companies.

In summary, the Committee viewed that SET's financial statements were prepared in accordance with generally accepted accounting principles, were accurate in essence, with sufficient and proper information disclosure. The Committee further believes that the internal control and risk management systems as applied were appropriate and adequate, and that operations complied with related laws and regulations. Given this performance, the Committee reasonably believes that the SET could achieve its business objectives.



Kaisri Nuengsigkapan

Chairperson, Audit Committee

February 19, 2014



Enterprise risk management

The Stock Exchange of Thailand (SET) uses an ERM framework, consisting of risk governance, risk assessment, risk treatment, risk monitoring and review and communications. The exchange is highly committed to managing risks to protect the organization and create value. SET's risk management covers three levels of key risks: strategic, business and process risks.

Most importantly, SET has constantly enhanced its ERM to ensure it can manage all risks it faces effectively, in line with corporate policy and international standards.

Strategic risk

Strategic risk management is the first and foremost operation of all the levels of risk. SET focuses on strategic risk in its annual strategic planning and budgeting, and adapts its risk management to the objectives of strategic themes and plans, including product and service launches. These include the identification, assessment, response and monitoring processes.

In 2013, SET prepared risk management for the new trading and clearing and settlement systems of Thailand Futures Exchange plc (TFEX) to be launched in 2014, to ensure that the exchange has all essential criteria and processes before starting implementation.

Business risk

SET oversees and manages business risk, which covers key risks for operating business, in line with those of leading stock exchanges. SET monitors and manages high level risks by identifying key risk indicators to monitor and adjust risk mitigation plans accordingly. Key business risks to be managed are:

Investment risk

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

SET manages investment risks by diversifying into several financial instruments, as well as limiting the proportion allocated to each financial institution and issuer to ensure that exposure to risks affecting investment results is limited. The value-at-risk technique is used to ensure that aggregate portfolio risk is within the limit structure. SET invests in mutual funds, government bonds, bank deposits, money market funds and corporate bonds.

SET monitors the investment risk status of its portfolio and then reports to the BoG, Risk Management Committee and IC on a monthly basis to ensure that risks are within acceptable levels.

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

In 2013, clearing houses in other countries, as well as Thailand Clearing House Co., Ltd. (TCH), adapted more stringent rules and recommendations, such as the Principles for Financial Market Infrastructures (PFMI) of the International Organization of Securities Commissions (IOSCO) and European Markets Infrastructure Regulations (EMIR) of the European Securities and Markets Authority (ESMA) and Bank for International Settlements (BIS). These recommendations enhance central counterparty (CCP) practices. TCH, as a CCP, goes beyond managing counterparty risks to stay in compliance with amended international standards and keep investor confidence in our market.

TCH highlights in 2013 are that TCH:

- Reassessed the adequacy of its financial resources to ensure that it could handle damage from defaults of two or more members, in line with IOSCO's revised guidelines. As a result of the assessment, SET provided additional reserve funds to TCH.
- Amended its guidelines for calculating members' financial contributions, to be in line with those of the derivatives market and clearing houses abroad and more accurately reflect clearing and settlement risk exposure. Such contributions are based on the risk profile of each member.
- Additional collateral measure is imposed when potential damage from stress testing is more than TCH's financial resources. Such a measure is in line with derivatives market practice.

Critical system disruption risk

SET constantly assesses, monitors, and manages risks that may seriously affect its computer systems. These include standard incident management, escalation procedures, incident reports, root cause analysis and solution-finding in order to provide continuous service.

Business interruption risk

SET has a highly efficient business continuity plan (BCP) to ensure that its missions and business activities can be carried out without interruption in the event of unexpected crises. In addition, BCP-related documentation is regularly reviewed and updated. SET continues to conduct annual BCP exercises for all other stakeholders in the Thai capital market to validate SET's adequacy and readiness. Furthermore, SET reinforces the preparedness of its staff and frequently tests systems at its main and alternative sites, with members to make sure that trading can continue without disruption if any traumatic event occurs.

Compliance risk

SET assesses, oversees, monitors and manages compliance risk, which covers the dangers of violating rules or regulations of internal and external parties, such as approval and/or signing authority of various management levels. It is of utmost importance that SET strictly complies with all laws and regulations.

Process risk

SET process risk management covers risks at the process level, covering those cases resulting from insufficient internal controls and all types of errors in using people, internal processes or technology. It also manages external risk factors. All units assess their risks and adequacy of internal controls using the Risk and Control Self-assessment (RCSA). The next step is for each unit to formulate their action plan and then monitor implementation on a regular basis.





Management discussion and analysis

Overview

The operating results of the SET group for the years ended December 31, 2013 and 2012 were:

(Unit: THB million)	For the year ended December 31			
	(Restated)		Increase/(decrease)	
	2013	2012	Amount	%
Operating revenue	4,309	3,365	944	28.05
Other income	172	152	20	13.15
Investment income	821	982	(161)	(16.39)
Operating expenses	(2,976)	(2,599)	377	14.51
Contributions to The Stock Exchange of Thailand Foundation (Foundation)	(562)	(454)	108	23.79
Income tax expense	(132)	(124)	8	6.45
Revenues over expenses	1,661	1,365	296	21.68

Revenues over expenses for the year ended December 31, 2013 increased by THB 296 million, or 21.68% in comparison with 2012. Operating revenues rose by THB 944 million or 28.05%, mainly due to the rise in daily average trading value and market capitalization of equity instruments and the increase in registrar services and technology services. Investment income decreased by THB 161 million, or 16.39%, mainly due to the decrease in profit from sales of investment, as in the first half of 2013 SET adjusted its portfolio to increase investment in equity securities. Operating expenses rose by THB 377 million, or 14.51%, mainly due to the rise in total SEC fees, which are linked to trading value of equity instruments, and the rise in registrar expenses, linked to the number of corporate action services transactions. Contributions to Foundation increased by THB 108 million, or 23.79%, because one-third of revenues over expenses were appropriated to Foundation as profit increased.

Note SEC : The Securities and Exchange Commission

1. Analysis of operating results

1.1 Operating revenues

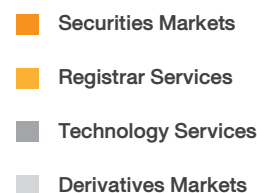
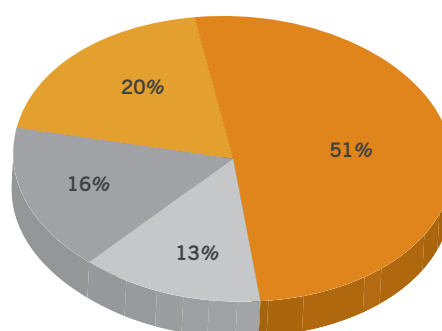
Operating revenues by segment

Operating revenues are classified by segment as following: Securities markets, Derivatives markets, Technology services and Registrar services.



For the year ended December 31, 2013	(Unit: THB million)
Securities Markets	
- Trading	1,233
- Clearing and settlement	336
- Listing	361
- Depository	234
- Membership	31
Total	2,195
Derivatives Markets	
- Trading	355
- Clearing	152
- Membership	70
Total	577
Technology Services	
- Member services	416
- Information services	216
- IT support	69
Total	701
Registrar Services	
- Stock registrar	770
- Fund registrar	66
Total	836
Total operating revenues	4,309

Operating revenues by segment



1.1.1 Securities Markets

(Unit: THB million)			Increase/(decrease)	
	2013	2012	Amount	%
Revenue – Securities Markets	2,195	1,520	675	44.41
Trading fees	1,233	792	441	55.68
Clearing and settlement fees	336	194	142	73.20
Listing fees	361	314	47	14.97
Depository fees	234	189	45	23.81
Membership fees	31	31	-	-
Key market indicators				
SET Index (Point)	1,298.71	1,391.93	(93.22)	(6.70)
Daily average trading value – Equity (THB million)	50,329	32,304	18,025	55.80
Average market capitalization (THB trillion)	12.8	10.1	2.7	26.7
No. of listed Securities (Securities)	1,268	1,048	220	20.99



Operating revenues from securities markets went up by THB 675 million, or 44.41%, in comparison with 2012. This was mainly due to the rise in trading and clearing and settlement fees because daily average trading value went up. Listing fees increased as the number of listed companies and derivative warrants traded rose. In addition, depository fees rose as average market capitalization went up.

1.1.2 Derivatives Markets

(Unit: THB million)			Increase/(decrease)	
	2013	2012	Amount	%
Revenue – Derivatives Markets	577	541	36	6.65
Trading fees	355	321	34	10.74
Clearing fees	152	138	14	10.74
Membership fees	70	82	(12)	(14.63)
Key market indicators				
Daily average trading volume – Derivatives (Contracts)	68,017	43,823	24,194	55.21

Operating revenues from derivatives markets went up by THB 36 million, or 6.65%, in comparison with 2012. This was mainly due to the rise in daily average trading volume, especially with SET50 Index Futures rising from 16,467 contracts per day in 2012 to 23,218 contracts per day in 2013 and Single Stock Futures rising from 8,849 contracts per day in 2012 to 34,351 in 2013. Though average trading volume per day as a whole increased, the volume of gold futures decreased. This drop was because gold price volatility declined in 2013, so investors' interest in gold futures lessened. In addition, during 2013, SET reduced the fees on SET50 Index Futures and Gold Futures by 30%.

1.1.3 Technology services

(Unit: THB million)			Increase/(decrease)	
	2013	2012	Amount	%
Revenue – Technology Services	701	605	96	15.87
Member services fees	416	372	44	11.83
Information service fees	216	184	32	17.39
Customization and IT support fees	69	49	20	40.82

Operating revenues from technology services went up by THB 96 million, or 15.87%, in comparison with 2012. This was mainly because revenues from internet trading of equity securities through SETTRADE.COM rose as trading value of equities went up. Information service fees increased because the number of users rose.



1.1.4 Registrar services

(Unit: THB million)			Increase/(decrease)	
	2013	2012	Amount	%
Revenue – Registrar services	836	699	137	19.60
Stock registrar fees	770	645	125	19.38
Fund registrar fees	66	54	12	22.22

Operating revenues from registrar services rose by THB 137 million, or 19.60%, in comparison with 2012. This was mainly because of the increase in transactions for dividend payment, as well as the capital of listed companies.

1.2 Other income

(Unit: THB million)			Increase/(decrease)	
	2013	2012	Amount	%
Other income	172	152	20	13.16
Educational activities income	36	32	4	12.50
Revenue from marketing events	34	26	8	30.77
Revenue from fund management	23	21	2	9.52
Revenue from fines	17	10	7	70.00
Others	62	63	(1)	(1.59)

Other income rose by THB 20 million, or 13.16%, in comparison with 2012. This was mainly from higher revenues from marketing events, such as SET in the City and educational activities. In addition, revenues from fund management for margin deposits and clearing funds of the Thailand Clearing House increased.

1.3 Investment income

(Unit: THB million)			Increase/(decrease)	
	2013	2012	Amount	%
Investment income	831	982	(151)	(15.38)
Interest income	460	440	20	4.55
Dividend income	298	338	(40)	(11.83)
Realized gain from investments	59	181	(122)	(67.40)
Others	14	23	(9)	(39.13)

Investment income dropped by THB 151 million, or 15.38%, in comparison with 2012. This was mainly from the decrease in profit from sales of investment, as in the first half of 2013 SET adjusted its portfolio to increase investment in equity securities.



1.4 Operating expenses

(Unit: THB million)			Increase/(decrease)	
	2013	2012	Amount	%
Operating expenses	2,976	2,599	377	14.51
Employee benefit expenses	1,240	1,084	156	14.39
SEC fees	517	334	183	54.79
Registrar expenses	238	185	53	28.65
Depreciation and amortization	189	185	4	2.16
Technology expenses	157	149	8	5.37
Marketing expenses	136	134	2	1.49
Fees and compensation expenses	60	76	(16)	(21.05)
Others	439	452	(13)	(2.88)

The SET group had operating expenses in 2013 of THB 2,976 million, increasing 14.51% from 2012. This was mainly from rises in total SEC fees, which were linked to the trading value of equity securities. Employee benefit expenses increased. Registrar expenses, which are linked to the number of corporate action services, rose. Fees and compensation expenses decreased due to the one-time expense of the Operations Master Plan consultancy in 2012.

2. Analysis of financial position

(Unit: THB million)	(Restated)		Increase/(decrease)	
	Dec 31, 2013	Dec 31, 2012	Amount	%
Total assets	34,039	29,937	4,102	13.70
Total liabilities	13,386	10,451	2,935	28.08
Fund balances	20,653	19,486	1,167	5.99

Significant movements in assets, liabilities and funds of SET group as at December 31, 2013 when compared with balances as at December 31, 2012 were as follows:

2.1 Analysis of assets

As at December 31, 2013, total assets of SET group amounted to THB 34,039 million, an increase of THB 4,102 million, or 13.70%, in comparison with the balance as at December 31, 2012. Details are:

2.1.1 Cash and cash equivalents, cash at banks for financial benefits payable and investments were THB 17,629 million or 51.79% of total assets, up by THB 935 million, or 5.60% as follows:



(Unit: THB million)			Increase/(decrease)	
	Dec 31, 2013	Dec 31, 2012	Amount	%
Cash and cash equivalents	1,795	1,046	749	71.61
Cash at banks for financial benefits payable	75	58	17	29.31
Investment portfolio	15,759	15,590	169	1.08
Trading	2,877	1,438	1,439	100.07
Available-for-sale	3,527	3,356	171	5.10
Hold-to-maturity	9,286	10,694	(1,408)	(13.17)
General investments	69	102	(33)	(32.35)
Total	17,629	16,694	935	5.60

SET group maintains a policy to invest in several types of investments such as debt (fixed deposits, government bonds, corporate debentures) and other instruments through mutual funds. In 2013, SET group reduced the investment proportion of Hold-to-maturity and increased that of Trading for private fund management in order to maximize returns.

2.1.2 Assets for margin deposits and benefits and assets for clearing system protection and benefits were THB 10,905 million or 32.04% of total assets, up by THB 2,547 million or 30.47%. This represents margin deposits and benefits of Thailand Clearing House, which rose as futures derivatives transactions went up.

2.1.3 Securities Investor Protection Fund (SIPF) and Derivatives Investor Protection Fund (DIPF) were THB 724 million or 2.13% of total assets. This included SIPF of THB 665 million and DIPF of THB 59 million, which collected contributions in 2013 from Thailand Futures Exchange of THB 50 million and contribution and benefits from members of THB 9 million.

2.1.4 Property and equipment and intangible assets were THB 3,109 million, or 9.13% of total assets, up by THB 341 million or 12.32%. This was mainly from the construction of SET's new office building.

2.1.5 Other current assets were THB 585 million or 1.72% of total assets, up by THB 130 million or 28.57%. This was mainly from the increase of other receivables from disposals of investments of THB 127 million.

2.2 Analysis of liabilities

As at December 31, 2013, total liabilities of SET group amounted to THB 13,386 million, up by THB 2,935 million, or 28.08%, in comparison with the balance as at December 31, 2012. Significant details are:

2.2.1 Margin deposits and assets for clearing system protection and benefits payable were THB 10,774 million, or 80.49% of total liabilities, up by THB 2,543 million, or 30.90%, due to the increase of futures derivatives transactions.

2.2.2 Accounts payable and accrued expenses were THB 1,151 million, or 8.60% of total liabilities, up by THB 275 million or 31.40%. This rise was mainly from the increase in assets purchased of THB 167 million and rise in contributions to Foundation by THB 108 million from 2012.

2.2.3 Other current liabilities were THB 756 million or 5.65% of total liabilities, up by THB 86 million or 12.84%. This rise was mainly from the increase of withholding tax payable of THB 48 million and financial benefits payable of THB 17 million.



2.3 Analysis of funds

As at December 31, 2013, total funds of SET group amounted to THB 20,653 million, up by THB 1,167 million, or 5.99%, in comparison with the balance as at December 31, 2012. This resulted from revenues over expenses for 2013 reaching THB 1,661 million, while the market price of available-for-sale securities, those are, equity securities funds and property funds, decreases.

3. Analysis of liquidity

Cash flows of SET group for the year ended December 31, 2013 and 2012 can be summarized as:

(Unit: THB million)			Increase/(decrease)	
	2013	2012	Amount	%
Cash flows from operating activities	1,096	621	475	76.49
Cash flows from investing activities	(329)	118	(447)	(378.81)
Cash and cash equivalents at the end of year	1,870	1,104	766	69.38

Cash and cash equivalents at December 31, 2013 amounted to THB 1,870 million, up by THB 766 million, or 69.38% in comparison with 2012. The details of the sources and uses of funds are as follows:

- Net cash receipts from operating activities were THB 1,096 million. This was from cash received from operating activities of THB 1,171 million and cash used in working capital of THB 75 million.
- Net cash used in investing activities were THB 329 million. This was mainly from the construction of SET's new office building of THB 269 million, new system development of THB 113 million, and investments purchased amounting to THB 663 million, while interest income received and proceeds from sales of available-for-sale totaled THB 424 million and dividends received of THB 302 million.



Report of the Board of Governors Relating to Responsibility for Financial Statements

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

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

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

The Board of Governors is of the opinion that the SET's overall internal control system has functioned at a satisfactory level and rendered credibility and reliability to the consolidated financial statements of The Stock Exchange of Thailand (SET) and its subsidiaries and of The Stock Exchange of Thailand for the year ending December 31, 2013.



Dr. Sathit Limpongpan

Chairman



Mr. Charamporn Jotikasthira

President



Auditor's Report

To the Members of The Stock Exchange of Thailand

I have audited the accompanying consolidated and entity financial statements of The Stock Exchange of Thailand and its subsidiaries and of The Stock Exchange of Thailand which comprise the consolidated and entity statements of financial position as at 31 December 2013, and the related consolidated and entity statements of comprehensive revenues and expenses, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the consolidated and entity financial statements referred to above present fairly, in all material respects, the consolidated and entity financial position of The Stock Exchange of Thailand and its subsidiaries and of The Stock Exchange of Thailand as at 31 December 2013, and its consolidated and entity results of operations and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Nattaporn Phan-Udom

Certified Public Accountant (Thailand) No. 3430

PricewaterhouseCoopers ABAS Ltd.

Bangkok

19 February 2014



Statements of Financial Position

The Stock Exchange of Thailand and its Subsidiaries
As at 31 December 2013

(Unit: Baht*000)

	Notes	Consolidated			SET	
		31 December 2013	(Restated)		31 December 2013	31 December 2012
			31 December 2012	1 January 2012		
Assets						
Current assets						
Cash and cash equivalents	9	1,795,113	1,045,674	364,643	1,686,363	769,867
Cash at banks for financial benefits payable		75,223	57,906	-	-	-
Assets for margin deposits and benefits	19	9,361,833	6,810,073	6,053,018	-	-
Short-term investments, net	10	10,632,814	7,275,683	9,452,678	10,586,614	7,238,663
Accounts receivable and accrued income, net	8, 11	287,552	293,969	214,109	219,249	269,162
Accrued interest receivable		227,051	138,852	101,948	223,028	134,565
Other current assets	8, 12	585,193	455,273	316,068	246,461	193,712
Total current assets		22,964,779	16,077,430	16,502,464	12,961,715	8,605,969
Non-current assets						
Investments in subsidiaries	13	-	-	-	597,291	597,291
Investments in jointly-controlled entity, net	14	60,184	76,359	58,495	25,000	25,000
Investments in associates, net	15	508,936	497,803	495,384	396,605	396,605
Long-term investments, net	16	5,126,076	8,314,525	5,329,372	5,123,301	8,265,430
Assets for clearing system protection and benefits	20	1,543,446	1,548,357	1,371,232	130,835	127,033
Securities Investor Protection Fund	25	665,433	651,101	617,837	665,433	651,101
Derivatives Investor Protection Fund	25	58,954	-	-	-	-
Property, plant and equipment, net	17	2,673,780	2,450,435	2,417,568	2,672,335	2,447,531
Intangible assets, net	18	434,831	318,113	223,104	431,915	315,440
Refundable deposits		3,015	2,888	3,228	3,005	2,878
Total non-current assets		11,074,655	13,859,581	10,516,220	10,045,720	12,828,309
Total assets		34,039,434	29,937,011	27,018,684	23,007,435	21,434,278

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



Statements of Financial Position (Continued)

The Stock Exchange of Thailand and its Subsidiaries
As at 31 December 2013

(Unit: Baht'000)

	Notes	Consolidated			SET	
		31 December 2013	(Restated)		31 December 2013	31 December 2012
			31 December 2012	1 January 2012		
Liabilities and fund balances						
Current liabilities						
Margin deposits and benefits payable	19	9,361,833	6,810,073	6,053,018	-	-
Accounts payable and accrued expenses	8, 22	1,150,842	875,594	692,509	1,134,660	856,361
Fees received in advance		240,249	234,633	237,124	169,502	154,572
Short-term borrowings from subsidiaries	8	-	-	-	1,246,000	1,035,400
Current portion of provision for employee benefits	24	5,568	6,102	5,630	5,568	6,102
Other current liabilities	8, 23	756,398	669,945	506,493	243,596	273,524
Total current liabilities		11,514,890	8,596,347	7,494,774	2,799,326	2,325,959
Non-current liabilities						
Assets for clearing system protection and benefits payable	20	1,412,610	1,421,324	1,248,370	-	-
Contributions and benefits to Securities Investor Protection Fund	25	250,699	244,671	232,172	250,699	244,671
Contributions and benefits to Derivatives Investor Protection Fund	25	7,961	-	-	-	-
Provision for employee benefits	24	175,304	160,340	143,592	175,304	160,340
Other non-current liabilities		25,055	28,134	32,381	25,055	28,134
Total non-current liabilities		1,871,629	1,854,469	1,656,515	451,058	433,145
Total liabilities		13,386,519	10,450,816	9,151,289	3,250,384	2,759,104
Fund balances						
Funds	25	20,346,928	18,692,537	17,321,314	19,442,966	17,873,467
Unrealised gain on available-for-sale securities		305,985	793,656	546,079	314,085	801,707
Non-controlling interests	2	2	2	2	-	-
Total fund balances		20,652,915	19,486,195	17,867,395	19,757,051	18,675,174
Total liabilities and fund balances		34,039,434	29,937,011	27,018,684	23,007,435	21,434,278

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



Statements of Comprehensive Revenues and Expenses

The Stock Exchange of Thailand and its Subsidiaries
For the year ended 31 December 2013

(Unit: Baht'000)

	Notes	Consolidated		SET	
		2013	(Restated) 2012	2013	2012
Revenues					
Operating revenues	27	4,309,279	3,364,915	1,864,544	1,330,239
Investment income, net	28	820,730	982,181	1,229,584	1,256,113
Other income	29	171,728	151,562	1,752,589	1,489,015
Total revenues		5,301,737	4,498,658	4,846,717	4,075,367
Expenses					
Employee benefit expenses	30	1,240,228	1,084,261	1,240,235	1,084,325
Directors' remuneration		20,087	19,610	19,327	18,960
Marketing expenses		136,071	134,293	137,671	134,170
Educational activity expenses		157,246	195,083	157,246	195,083
Direct service expenses		237,823	184,743	-	-
Building and office expenses		162,230	153,864	161,694	153,288
Technology expenses		157,417	149,125	157,392	143,555
SEC fees	31	517,338	333,726	515,338	331,726
Depreciation and amortisation	17, 18	189,101	184,670	186,340	180,852
Other expenses	32	157,978	159,587	148,646	154,917
Total expenses		2,975,519	2,598,962	2,723,889	2,396,876
Share of profit of investments in jointly-controlled entity (net of income tax)	14	1,453	26,432	-	-
Share of profit of investments in associates (net of income tax)	15	11,076	1,964	-	-
Revenues over expenses		2,338,747	1,928,092	2,122,828	1,678,491
Non-operating items					
Income derived from Securities Investor Protection Fund, net	26	15,125	14,083	15,125	14,083
Income derived from Derivatives Investor Protection Fund, net	26	993	-	-	-
Contributions to The Stock Exchange of Thailand Foundation	8	(561,633)	(453,634)	(561,633)	(453,634)
Revenues over expenses before income tax expense		1,793,232	1,488,541	1,576,320	1,238,940
Income tax expense	33	(132,020)	(124,000)	-	-
Revenues over expenses		1,661,212	1,364,541	1,576,320	1,238,940
Revenues over expenses for the year attributable to:					
Owners of the parent		1,661,210	1,364,540	1,576,320	1,238,940
Non-controlling interests		2	1	-	-
		1,661,212	1,364,541	1,576,320	1,238,940

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



Statements of Comprehensive Revenues and Expenses (Continued)

The Stock Exchange of Thailand and its Subsidiaries
For the year ended 31 December 2013

(Unit: Baht'000)

		Consolidated		SET	
	Notes	2013	(Restated) 2012	2013	2012
Revenues over expenses		1,661,212	1,364,541	1,576,320	1,238,940
Other comprehensive revenues and expenses:					
Available-for-sale financial assets					
Unrealised gain (loss) recognised in fund balances		(487,728)	247,122	(487,622)	247,086
Share of profit in investments in associates	15	57	455	-	-
		(487,671)	247,577	(487,622)	247,086
Available-for-sale financial assets from					
Securities Investor Protection Fund, net	26	(6,821)	6,682	(6,821)	6,682
Total other comprehensive revenues and expenses		(494,492)	254,259	(494,443)	253,768
Total comprehensive revenues and expenses		1,166,720	1,618,800	1,081,877	1,492,708

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



Statement of Changes in Fund Balances

The Stock Exchange of Thailand and its Subsidiaries
For the year ended 31 December 2013

(Unit: Baht'000)

Consolidated												
Notes	Securities Clearing Reserve Fund	Derivatives Clearing Reserve Fund	Indemnity Fund	SET Building Construction Fund	Staff Welfare Fund	Securities Investor Protection Fund	Derivatives Investor Protection Fund	General Fund	Unrealised gain (loss) on available- for-sale securities	Fund balances	Non- controlling interests	Total fund balances
Opening balance at 1 January 2012	2,000,000	300,000	100,000	8,109	97,923	385,665	-	14,430,168	546,049	17,867,914	2	17,867,916
Effect from adopted new accounting policy 3	-	-	-	-	-	-	-	(551)	30	(521)	-	(521)
Opening balance after adjustments	2,000,000	300,000	100,000	8,109	97,923	385,665	-	14,429,617	546,079	17,867,393	2	17,867,395
Changes in fund balance for the year												
Adjustment for SET building construction expenses	-	-	-	(340)	-	-	-	340	-	-	-	-
Total comprehensive revenues and expenses 26	-	-	-	-	1,990	20,765	-	1,348,468	247,577	1,618,800	-	1,618,800
Closing balance at 31 December 2012	2,000,000	300,000	100,000	7,769	99,913	406,430	-	15,778,425	793,656	19,486,193	2	19,486,195
Opening balance at 1 January 2013	2,000,000	300,000	100,000	7,769	99,913	406,430	-	15,776,668	793,769	19,484,549	2	19,484,551
Effect from adopted new accounting policy 3	-	-	-	-	-	-	-	1,757	(113)	1,644	-	1,644
Opening balance after adjustments	2,000,000	300,000	100,000	7,769	99,913	406,430	-	15,778,425	793,656	19,486,193	2	19,486,195
Appropriation of general fund 25	500,000	-	-	-	-	-	50,000	(550,000)	-	-	-	-
Total comprehensive revenues and expenses 26	-	-	-	-	2,598	8,304	993	1,642,496	(487,671)	1,166,720	-	1,166,720
Closing balance at 31 December 2013	2,500,000	300,000	100,000	7,769	102,511	414,734	50,993	16,870,921	305,985	20,652,913	2	20,652,915

(Unit: Baht'000)

SET									
Notes	Securities Clearing Reserve Fund	Derivatives Clearing Reserve Fund	Indemnity Fund	SET Building Construction Fund	Staff Welfare Fund	Securities Investor Protection Fund	General Fund	Unrealised gain (loss) on available- for-sale securities	Total fund balances
Opening balance at 1 January 2012	2,000,000	300,000	100,000	8,109	97,923	385,665	13,736,148	554,621	17,182,466
Adjustment for SET building construction expenses	-	-	-	(340)	-	-	340	-	-
Total comprehensive revenues and expenses 26	-	-	-	-	1,990	20,765	1,222,867	247,086	1,492,708
Closing balance at 31 December 2012	2,000,000	300,000	100,000	7,769	99,913	406,430	14,959,355	801,707	18,675,174
Opening balance at 1 January 2013	2,000,000	300,000	100,000	7,769	99,913	406,430	14,959,355	801,707	18,675,174
Appropriation of general fund 25	500,000	-	-	-	-	-	(500,000)	-	-
Total comprehensive revenues and expenses 26	-	-	-	-	2,598	8,304	1,558,597	(487,622)	1,081,877
Closing balance at 31 December 2013	2,500,000	300,000	100,000	7,769	102,511	414,734	16,017,952	314,085	19,757,051

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



Statements of Cash Flows

The Stock Exchange of Thailand and its Subsidiaries
As at 31 December 2013

(Unit: Baht'000)

	Notes	Consolidated		SET	
		2013	(Restated) 2012	2013	2012
Cash flows from operating activities					
Revenues over expenses before income tax expense		1,793,232	1,488,541	1,576,320	1,238,940
Adjustments for					
Depreciation and amortisation	17, 18	189,101	184,670	186,340	180,852
Investment income, net		(816,734)	(958,488)	(1,225,544)	(1,233,072)
Income derived from Securities Investor Protection Fund, net	26	(15,125)	(14,083)	(15,125)	(14,083)
Income derived from Derivatives Investor Protection Fund, net	26	(993)	-	-	-
Impairment losses of investments (reversal)	28	6,691	(17,866)	6,691	(17,866)
Doubtful debts expenses (reversal)		(1,124)	574	(800)	1,066
Provision for employee benefits		24,252	23,003	24,252	23,003
Adjust work in process to expenses (revenues)		4,185	(2,365)	4,185	(2,337)
Gain on disposals of assets		(450)	(812)	(438)	(621)
Share of profit of investments in jointly-controlled entity (net of income tax)	14	(1,453)	(26,432)	-	-
Share of profit of investments in associates (net of income tax)	15	(11,076)	(1,964)	-	-
		1,170,506	674,778	555,881	175,882
Changes in operating assets and liabilities					
(Increase) decrease in operating assets					
Assets for margin deposits and benefits		(2,551,760)	(757,055)	-	-
Accounts receivable and accrued income		7,541	(80,434)	50,713	151,024
Other current assets		(127,400)	(130,592)	(56,709)	90,425
Assets for clearing system protection and benefits		4,911	(177,125)	(3,802)	(4,171)
Securities Investor Protection Fund		(12,160)	(32,836)	(12,160)	(32,836)
Derivatives Investor Protection Fund		(58,498)	-	-	-
Refundable deposits		(127)	340	(127)	340
Margin deposits and benefits payables		2,551,760	757,055	-	-
Accounts payable and accrued expenses		159,182	163,109	162,233	157,553
Fees received in advance		5,616	(2,491)	14,930	(14,646)
Other current liabilities		87,880	185,768	(29,928)	(59,245)
Assets for clearing system protection and benefits payables		(8,714)	172,954	-	-
Contributions and benefits to Securities Investor Protection Fund		6,028	12,499	6,028	12,499
Contributions and benefits to Derivative Investor Protection Fund		7,961	-	-	-
Employee benefits paid	24	(9,822)	(5,826)	(9,822)	(5,826)
Other non-current liabilities		(3,079)	(4,247)	(3,079)	(4,247)
Cash flows generated from operations		1,229,825	775,897	674,158	466,752
Less Income tax paid		(134,085)	(154,843)	-	-
Net cash generated from operating activities		1,095,740	621,054	674,158	466,752

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



Statements of Cash Flows (Continued)

The Stock Exchange of Thailand and its Subsidiaries
As at 31 December 2013

(Unit: Baht'000)

		Consolidated		SET	
	Notes	2013	(Restated) 2012	2013	2012
Cash flows from investing activities					
Investment income received		424,078	590,171	408,012	553,587
Dividend received		301,643	336,611	754,471	662,185
Purchase of short-term investments	10	(4,475,664)	(4,751,182)	(4,475,664)	(4,463,450)
Proceeds from disposals of short-term investments	10	4,476,499	4,377,279	4,439,479	3,275,047
Purchase of long-term investments	16	(2,494,594)	(1,769,618)	(2,494,594)	(1,728,418)
Proceeds from disposals of long-term investments	16	1,830,644	1,600,360	1,830,644	1,600,360
Purchase of property, plant and equipment		(297,114)	(132,938)	(297,114)	(132,938)
Proceeds from disposals of property, plant and equipment		2,293	12,299	2,275	11,452
Purchase of intangible assets		(122,012)	(168,754)	(120,461)	(168,754)
Proceeds from share of profit of investments in jointly-controlled entity		11,753	10,000	-	-
Benefits received from Securities Investor Protection Fund		12,953	13,655	12,953	13,655
Benefits received from Derivatives Investor Protection Fund		537	-	-	-
Net cash generated from (used in) investing activities		(328,984)	117,883	60,001	(377,274)
Cash flows from financing activities					
Cash inflow on short-term borrowings from subsidiaries	8	-	-	400,000	561,000
Repayment of short-term borrowings from subsidiaries	8	-	-	(189,400)	(85,000)
Interest paid		-	-	(28,263)	(17,592)
Net cash generated from financing activities		-	-	182,337	458,408
Net increase in cash and cash equivalents		766,756	738,937	916,496	547,886
Opening balance		1,103,580	364,643	769,867	221,981
Closing balance		1,870,336	1,103,580	1,686,363	769,867
Supplemental disclosures of cash flows information					
Cash and cash equivalents are as follows:					
Cash and cash equivalents	9	1,795,113	1,045,674	1,686,363	769,867
Cash at a banks for financial benefits payables		75,223	57,906	-	-
		1,870,336	1,103,580	1,686,363	769,867
Significant non-cash transactions					
Unrealised gain (loss) on available-for-sale securities		(487,671)	247,577	(487,622)	247,086
Unrealised gains (loss) on available-for-sale securities from Securities Investor Protection Fund		(6,821)	6,682	(6,821)	6,682
Other payables from purchase of assets		116,066	19,976	116,066	19,976
Provision for employee benefits		-	43	-	43
Classification of investments		3,368,057	(2,561,278)	3,321,857	(2,574,288)

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



Notes to the Consolidated and Entity Financial Statement

The Stock Exchange of Thailand and its Subsidiaries
For the year ended 31 December 2013

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 Ratchadapisek Road, Kwaeng Klongtoey, Khet Klongtoey, Bangkok 10110, Thailand.

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

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

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

The consolidated and entity financial statements were authorised for issue by the Board of Governors of The Stock Exchange of Thailand on 19 February 2014.

Details of the SET's subsidiaries, associates and jointly-controlled entity as at 31 December 2013 and 2012 are as follows:

Name of entity	Type of business	Country of incorporation	Ownership interest	
			%	
			2013	2012
Direct subsidiaries				
Thailand Securities Depository Co., Ltd.	Securities depository and registrar services	Thailand	100.00	100.00
Thai Trust Fund Management Co., Ltd.	Mutual fund management	Thailand	100.00	100.00
Thai NVDR Co., Ltd.	Investment management in Non-Voting Depository Receipts	Thailand	100.00	100.00
SETTRADE.COM Co., Ltd.	Computer system services	Thailand	100.00	100.00
Siam DR Co., Ltd.	Investment management in Depository Receipts	Thailand	100.00	100.00
Thailand Futures Exchange Public Company Limited	Derivatives exchange	Thailand	100.00	100.00



Name of entity	Type of business	Country of incorporation	Ownership interest	
			%	
			2013	2012
Thailand Clearing House Co., Ltd.	Clearing house and related back-office services for securities and derivatives contracts	Thailand	100.00	100.00
Jointly-controlled entity				
Family Know-how Co., Ltd.	Media business specialising in financial and investment information	Thailand	50.00	50.00
Associates				
Clearing Fund (1)	Fund	Thailand	15.18	16.56
TSFC Securities Public Company Limited	Securities financing services and securities borrowing and lending	Thailand	24.66	24.66

(1) Clearing Fund

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

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

2 Accounting policies

2.1 Basis of preparation

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

The consolidated and entity financial statements have been prepared under the historical cost convention except as disclosed in the accounting policy for investments below.

The preparation of financial statements in conformity with Thai Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and entity financial statements are disclosed in Note 5.

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



2.2 New/revised accounting standards, revised financial reporting standards, related interpretations

1) New/revised accounting standards which are effective on 1 January 2013 and are relevant and have an impact to the Group are:

TAS 12	Income Taxes
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates
TFRS 8	Operating Segments

TAS 12 requires tax expenses to be recognised for current and deferred tax. New accounting policy of income taxes is provided in Note 2.19 and the significant impact to the Group are described in Note 3.

TAS 21 (Revised 2009) requires the Group to determine the functional currency which is the currency of the primary economic environment in which the Group operates. The assessed and concluded that Thai Baht is the Group's functional currency. As a consequence, applying TAS 21 (Revised 2009) has no impact to assets, liabilities and retained earnings. New accounting policy is described in Note 2.4.

TFRS 8 requires the operating segment to be described in the same manner as internal reporting used by the chief operating decision-maker. New accounting policy is described in Note 2.20. The impact to the Group is only on a disclosure.

2) Revised accounting standards, revised financial reporting standards, and related interpretations that are not yet effective and have not been early adopted by the Group:

a) Revised accounting standards and financial reporting standards effective for the periods beginning on or after 1 January 2014

TAS 7 (Revised 2012)	Statement of Cash Flows
TAS 19 (Revised 2012)	Employee Benefits
TAS 28 (Revised 2012)	Investments in Associates
TAS 31 (Revised 2012)	Interest in Joint Ventures
TFRS 8 (Revised 2012)	Operating Segments

TAS 7 (Revised 2012) clarifies that only expenditures that result in a recognised asset in the statement of financial position are eligible for classification as investing activities. This standard has no impact to the Group.

TAS 19 (Revised 2012) deletes the transition provisions of the current TAS 19. This standard has no impact to the Group.

TAS 28 (Revised 2012) clarifies that when an entity moves from an equity accounting to cost accounting in the separate financial statements, the standard requires this to be adjusted retrospectively. An entity losses significant influence, the remaining interest of investment should be valued at fair value. This matter should be adjusted prospectively effectively for the period begins on or after 1 Jan 2014. This standard has no impact to the Group.

TAS 31 (Revised 2012) clarifies that when an entity moves from an equity accounting to cost accounting in the separate financial statements, the standard requires this to be adjusted retrospectively. An entity losses of joint control in its interest in joint control, the remaining interest of investment should be valued at fair value. This matter should be adjusted prospectively effectively for the period begins on or after 1 January 2014. This standard has no impact to the Group.

TFRS 8 (Revised 2012) clarifies that an entity is required to disclose a measure of segment assets only if the measure is regularly reported to the chief operating decision-maker. This standard has no impact to the Group.

b) Interpretations of Thai Financial Reporting Interpretations Committee (TFRIC) and Thai Standard Interpretations Committee (TSIC) effective for the periods beginning on or after 1 January 2014

TSIC 32 Intangible assets – Web Site Costs

TSIC 32 provides guidance on the internal expenditure on the development and operation of the entity web site for internal or external access. The entity shall comply with the requirements described in TAS38 “Intangible Assets”. This interpretation has no impact to the Group.

2.3 Investment in subsidiaries, jointly-controlled entity and associates

2.3.1 Subsidiaries

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

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

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

2.3.2 Jointly-controlled entity

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

2.3.3 Associates

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

The SET’s share of its associates’ post-acquisition profits or losses is recognised in the statement of comprehensive revenues and expenses. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the SET’s share of losses in associates equal or exceed its interest in the associate, the SET does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

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

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

Allowance, if any, is recorded for impairment in investment in subsidiaries, jointly-controlled entity and associates in the statement of comprehensive revenues and expenses.

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

2.4 Foreign currencies

a) Functional and presentation currency

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



b) Transactions and balances

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

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

2.5 Underlying assets

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

2.6 Cash and cash equivalents

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

2.7 Investments

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

- (1) Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets.
- (2) Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for maturities within 12 months from the statement of financial position date which are classified as current assets.
- (3) Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale; and are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the statement of financial position date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.
- (4) Investments in non-marketable equity securities are classified as general investments.

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



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

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

General investments are carried at cost less impairment loss (if any).

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

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

2.8 Accounts receivable and accrued income

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

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

2.9 Property, plant and equipment

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

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

Land improvements	5 years
Buildings	10 – 30 years
Building improvements	3 – 30 years
Furniture and fixtures	5 – 20 years
Office equipment	5 – 10 years
Vehicles	5 – 7 years

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

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

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



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

2.10 Intangible assets

Intangible assets, computer software, patent and right in operation, that are acquired by the Group, which have finite useful lives, are recognised at cost less accumulated amortisation and impairment losses. Intangible assets are amortised in the statement of comprehensive revenues and expenses on a straight-line basis over their estimated useful lives from the date that they are available for use. The estimated useful lives are 5 – 10 years.

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

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

2.11 Impairment

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

2.12 Interest-bearing liabilities

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

2.13 Trade and other accounts payable

Trade and other accounts payable are stated at cost.

2.14 Employee benefits

Defined contribution plans

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

Defined benefit plans

The Group provides for post employment retirement benefits, payable to employees under the labour laws applicable in Thailand. The liability in respect of employee benefits is measured, using the corridor method which is calculated by an independent actuary in accordance with the actuarial technique. The present value of the defined benefit obligation is determined by discounting estimated future cash flows using the yield on government bonds which have terms to maturity

approximating the terms of the related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, mortality rate, length of service and other factors. Actuarial gains or losses will be recognised as income or expense in the statement of comprehensive revenues and expenses if the net cumulative unrecognised actuarial gain and losses at the end of the previous reporting period exceeding the greater of 10% of the present value of the defined benefit obligation at that date (before deducting plan assets) and 10% of the future value of the plan assets at that date.

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

Termination benefits

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

2.15 Provisions

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

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

2.16 Lease-where a Group is the lessee

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

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

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

2.17 Revenue

Revenue excludes value added taxes.

Service income is recognised upon performance of services.

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

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

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



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

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

2.18 Directors' remuneration

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

2.19 Current and deferred income taxes

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

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

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

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

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

2.20 Segment reporting

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

3 Adjustments from adopted new accounting policy

The effects from adopted new accounting policy are as follows:

(Unit: Baht'000)

	Consolidated		
	Originally stated	Adjustment	Restated
Statement of financial position			
As at 1 January 2012			
Asset			
Current asset			
Other current assets	316,068	-	316,068
Non-current asset			
Investments in associates, net	495,307	77	495,384



(Unit: Baht'000)

	Consolidated		
	Originally stated	Adjustment	Restated
Liabilities			
Current liabilities			
Other current liabilities	505,895	598	506,493
Fund balance			
Funds	17,321,865	(551)	17,321,314
Unrealised gain on available-for-sale securities	546,049	30	546,079
Statement of financial position as at 31 December 2012			
Assets			
Current asset			
Other current asset	453,255	2,018	455,273
Non-current asset			
Investments in associates, net	497,907	(104)	497,803
Liabilities			
Current liabilities			
Other current liabilities	669,675	270	669,945
Fund balance			
Funds	18,690,780	1,757	18,692,537
Unrealised gain on available-for-sale securities	793,769	(113)	793,656
Statement of comprehensive revenues and expenses for the year ended 31 December 2012			
Share of profit of investments in associates (net of income tax)	2,010	(46)	1,964
Income tax	(126,354)	2,354	(124,000)
Other comprehensive revenues and expenses:			
Available-for-sale financial assets			
Unrealised gain (loss) recognised in fund balances	247,130	(8)	247,122
Share of profit (loss) in investment in associates	590	(135)	455

4 Financial risk management

Financial risk factors

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

4.1 Foreign exchange risk

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



4.2 Interest rate risk

Interest rate risk arises from fluctuations in market interest rates which may affect the Group's operating results and cash flow. The market interest rate at the time of transaction will be considered when the borrowing transaction is initiated. The Group does not have interest rate derivative in order to manage fluctuation of the interest rate.

4.3 Credit risk

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

4.4 Liquidity risk

The Group has no significant exposure to liquidity risk as the Group has sufficient cash to support its operations. The Group aims on maintaining flexibility of funding by using internal capital of the Group.

4.5 Risk from investments and deposits

The Group is exposed to market risks as the investor of financial instruments, and credit risk from the issuer of financial instruments. The Group, therefore, has a policy of diversifying its investments and deposits to high credit financial institutions according to the investment policy prescribed by the resolution of the investment committee.

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

1) Investments in debt securities

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

2) Investments in equity securities

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

3) Investments in property funds

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



4) Investments in foreign investment funds

Type of investment	Proportion of total investment
Foreign investment funds	Not to exceed 3% of total investments

5) Investments in gold funds

Type of investment	Proportion of total investment
Gold funds	Not to exceed 3% of total investments

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

5 Critical accounting estimates, assumptions and judgements

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

6 Capital risk management

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

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

7 Segment information

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

The Group comprises the following 5 main business segments:

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



Financial information presented in the consolidated financial statements as at 31 December 2013 and 2012 and for the years ended 31 December 2013 and 2012 are as follows:

(Unit: Baht'000)

Consolidated							
	Securities Markets	Derivatives Markets	Technology Services	Registrar Services	Capital Market Development and others	Elimination	Total
For the year ended 31 December 2013							
Revenues from operation	2,440,695	787,838	216,338	835,613	200,523	-	4,481,007
Revenue from inter-segment	631,969	600,318	35,052	432,526	31,577	(1,731,442)	-
Total revenue	3,072,664	1,388,156	251,390	1,268,139	232,100	(1,731,442)	4,481,007
Segment revenues over expenses	1,314,043	229,643	72,988	228,441	(339,627)	-	1,505,488
Investment income, net							820,730
Share of profit of investments in jointly-controlled entity (net of income tax)							1,453
Share of profit of investments in associates entity (net of income tax)							11,076
Revenues over expenses in operations							2,338,747
Non-operating items:							
Income derived from Securities Investor Protection Fund, net							15,125
Income derived from Derivative Investor Protection Fund, net							993
Contributions to The Stock Exchange of Thailand Foundation							(561,633)
Revenues over expenses before income tax expenses							1,793,232
Income tax expense							(132,020)
Revenues over expenses							1,661,212
As at 31 December 2013							
Segment assets	2,515,062	11,610,691	228,887	530,988	692,372	(264,964)	15,313,036
Other assets	-	-	-	-	20,422,174	(1,695,776)	18,726,398
Total assets	2,515,062	11,610,691	228,887	530,988	21,114,546	(1,960,740)	34,039,434
Segment liabilities	1,076,747	11,216,210	77,326	414,230	866,970	(264,964)	13,386,519
Other liabilities	-	-	-	-	1,246,000	(1,246,000)	-
Total liabilities	1,076,747	11,216,210	77,326	414,230	2,112,970	(1,510,964)	13,386,519



(Unit: Baht'000)

Consolidated							
	Securities Markets	Derivatives Markets	Technology Services	Registrar Services	Capital Market Development and others	Elimination	Total
For the year ended 31 December 2012							
Revenues from operation	1,733,902	737,265	183,926	699,576	161,808	-	3,516,477
Revenue from inter-segment	472,491	569,968	29,271	379,789	9,288	(1,460,807)	-
Total revenue	2,206,393	1,307,233	213,197	1,079,365	171,096	(1,460,807)	3,516,477
Segment revenues over expenses	655,724	360,168	78,313	182,831	(359,521)	-	917,515
Investment income, net							982,181
Share of profit of investments in jointly- controlled entity (net of income tax)							26,432
Share of profit of investments in associates entity (net of income tax)							1,964
Revenues over expenses in operations							1,928,092
Non-operating items:							
Income derived from Securities Investor Protection Fund, net							14,083
Contributions to The Stock Exchange of Thailand Foundation							(453,634)
Revenues over expenses before income tax expenses							1,488,541
Income tax expense							(124,000)
Revenues over expenses							1,364,541
As at 31 December 2012							
Segment assets	2,243,010	8,963,525	210,844	473,132	554,989	(337,125)	12,108,375
Other assets	-	-	-	-	19,308,667	(1,480,031)	17,828,636
Total assets	2,243,010	8,963,525	210,844	473,132	19,863,656	(1,817,156)	29,937,011
Segment liabilities	1,304,975	8,740,193	64,643	356,221	316,035	(331,251)	10,450,816
Other liabilities	-	-	-	-	1,035,400	(1,035,400)	-
Total Liabilities	1,304,975	8,740,193	64,643	356,221	1,351,435	(1,366,651)	10,450,816



Reconciliation of reportable segment assets/liabilities were as follow:

(Unit: Baht'000)

Consolidated		
	2013	2012
Assets	15,313,036	12,108,375
Assets for reportable segments		
Unallocated amounts:		
– Cash and investments	16,545,159	15,995,546
– Investments in related party	569,120	574,162
– Accrued interest receivables	227,051	138,852
– Land and building under construction	1,385,068	1,120,076
Total assets	34,039,434	29,937,011
Liabilities		
Total liabilities for reportable segments	13,386,519	10,450,816

8 Related party transactions

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

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

Transaction	Pricing policy
Service income	Contractually agreed price
Purchase of services	Cost plus margin
Interest expense	With reference to the return of one-year bond

Related party transactions for the years ended 31 December 2013 and 2012 were as follows:

(Unit: Baht'000)

	Consolidated		SET	
	2013	2012	2013	2012
Service income				
Subsidiaries	-	-	1,628,664	1,376,203
Jointly-controlled entity	14,638	13,560	14,638	13,542
Associates	1,339	1,128	-	-
	15,977	14,688	1,643,302	1,389,745
Purchase of services				
Subsidiaries	-	-	3,812	1,881
Jointly-controlled entity	97,865	168,952	97,865	168,952
	97,865	168,952	101,677	170,833
Interest income				
Subsidiaries	-	-	4,132	4,491
Interest expense				
Subsidiaries	-	-	28,263	17,591



Related party balances as at 31 December 2013 and 2012 were as follows:

(Unit: Baht'000)

	Consolidated		SET	
	2013	2012	2013	2012
Accounts receivable				
Subsidiaries	-	-	2,622	-
Jointly-controlled entity	1,249	352	1,249	352
	1,249	352	3,871	352
Accrued income				
Subsidiaries	-	-	118,970	163,563
Jointly-controlled entity	467	427	467	427
Associates	124	101	-	-
	591	528	119,437	163,990
Other current assets				
Subsidiaries	-	-	7	133
Jointly-controlled entity	1,277	96	1,277	5,969
	1,277	96	1,284	6,102
Payables				
Subsidiaries	-	-	107	-
Jointly-controlled entity	19,525	275	19,525	275
	19,525	275	19,632	275
Accrued expenses				
Subsidiaries	-	-	167	163
Jointly-controlled entity	2,042	14,764	2,042	14,764
	2,042	14,764	2,209	14,927
Other current liabilities				
Subsidiaries	-	-	162	-
Jointly-controlled entity	82	23	82	23
	82	23	244	23

Short-term borrowings from subsidiaries

(Unit: Baht'000)

	Interest rate (% per annum)		SET	
	2013	2012	2013	2012
Short-term borrowings from subsidiaries	2.15 - 2.77	2.50	1,246,000	1,035,400

The Group uses a policy to centrally manage its investments through the SET to maximise its efficiency and overall returns. Investments from subsidiaries represent loans in the form of one-year promissory notes. The interest rate on the loan is reference to the return one-year bond (the interest rate may be revised as appropriate).



Movements of short-term borrowings from subsidiaries for the years ended 31 December 2013 and 2012 were as follows:

(Unit: Baht'000)

	SET	
	2013	2012
Subsidiaries		
Opening balance	1,035,400	559,400
Additions	400,000	561,000
Repayments	(189,400)	(85,000)
Closing balance	1,246,000	1,035,400

Sponsorship for jointly-controlled entity

Under the shareholder agreement between the SET and a company, the SET will be a principal sponsor of a jointly-controlled entity's program in 2013 of Baht 90 million (2012 : Baht 166.4 million).

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 (Foundation) and appointed the members of the Board of Governors as directors of the Board of the Foundation. 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 Foundation for its social activities.

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

For the year ended 31 December 2013, the SET appropriated its annual revenues over expenses of Baht 561.63 million (2012: Baht 453.63 million) to the Foundation.

Directors' remuneration

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

The directors' remuneration for the year ended 31 December 2013 amounted to Baht 20.09 million (2012: Baht 19.61 million).

9 Cash and cash equivalents

(Unit: Baht'000)

	Consolidated		SET	
	2013	2012	2013	2012
Cash on hand	367	352	351	336
Savings and current accounts	1,436,866	740,983	1,328,132	490,294
Fixed deposit accounts	357,880	299,339	357,880	279,237
Bills of exchange	-	5,000	-	-
	1,795,113	1,045,674	1,686,363	769,867

For the year ended 31 December 2013, saving accounts carried the interest at rates ranging from 0.40% - 2.15% per annum (2012: from 0.20% - 2.40% per annum).



As at 31 December 2013, fixed deposit accounts at banks represented fixed deposit accounts at call that carried the interest at the rates ranging from 2.35% – 2.55% per annum (2012: from 2.50% – 2.75% per annum).

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

10 Short-term investments, net

(Unit: Baht'000)

Note	Consolidated		SET	
	2013	2012	2013	2012
Investments managed by SET				
General investments	69,185	40,869	69,185	40,869
<u>Less</u> Allowance for impairment losses	(13,698)	(3,602)	(13,698)	(3,602)
	55,487	37,267	55,487	37,267
Trading securities	-	23	-	23
Available-for-sales	70,079	-	70,079	-
Held-to-maturity debt securities	6,468,223	4,997,134	6,422,023	4,960,114
	6,593,789	5,034,424	6,547,589	4,997,404
Investments managed by private funds				
Held-to-maturity debt securities	1,162,140	803,544	1,162,140	803,544
Trading securities	2,876,885	1,437,715	2,876,885	1,437,715
	4,039,025	2,241,259	4,039,025	2,241,259
	10,632,814	7,275,683	10,586,614	7,238,663

Movements of short-term investments for the years ended 31 December 2013 and 2012 were as follows:

(Unit: Baht'000)

	Consolidated		SET	
	2013	2012	2013	2012
Opening balance	7,275,683	9,452,678	7,238,663	8,614,168
Purchases	4,475,664	4,751,182	4,475,664	4,463,450
Disposals	(4,476,499)	(4,377,279)	(4,439,479)	(3,275,047)
Classification of investments (Note16)	3,368,057	(2,561,278)	3,321,857	(2,574,288)
Unrealised gain (loss) on available-for-sale securities	5	(8,441)	5	(8,441)
(Allowance for impairment losses) reversal	(10,096)	18,821	(10,096)	18,821
Closing balance	10,632,814	7,275,683	10,586,614	7,238,663

Investments managed by the SET

As at 31 December 2013, fixed deposit accounts represented fixed deposit accounts at banks which had maturities not over 12 months and carried interest at rates ranging from 2.38% – 4.10% per annum (2012: ranging from 3.00% – 4.50% per annum).

As at 31 December 2013, investments in money market funds represent investments in three open-ended funds (2012: one open-ended fund). The investment policy emphasises investments in short-term debt securities.

As at 31 December 2013, government bonds, Bank of Thailand bonds, state enterprise bonds and debentures, which had coupon rates ranging from 3.00% – 4.90% per annum (2012: from 3.05% – 5.50% per annum) and market yields ranging from 2.77% – 2.91% per annum (2012: from 2.78% – 3.36% per annum).



Investments managed by private funds

As at 31 December 2013 investments in private funds are managed by three asset management companies (2012: two asset management companies). The investment policy for private funds is subject to the SET's regulations on deposits at financial institutions and investment policies as disclosed in Note 4 – Financial risk management. The Group presented investments managed by private funds as short-term investments.

For the year ended 31 December 2013, the return rates for investments managed by private funds ranged from 3.45% – 4.33% per annum (2012: from 3.88% – 3.91% per annum).

11 Accounts receivable and accrued income, net

(Unit: Baht'000)

Note	Consolidated		SET	
	2013	2012	2013	2012
Accounts receivable				
Related parties	1,249	352	3,871	352
Other parties	74,466	69,872	38,914	41,115
	75,715	70,224	42,785	41,467
<u>Less</u> Allowance for doubtful accounts	(18,682)	(19,806)	(8,918)	(9,718)
	57,033	50,418	33,867	31,749
Accrued income				
Related parties	591	528	119,437	163,990
Other parties	229,928	243,023	65,945	73,423
	230,519	243,551	185,382	237,413
	287,552	293,969	219,249	269,162

Aging analysis for accounts receivable is as follows:

(Unit: Baht'000)

Note	Consolidated		SET	
	2013	2012	2013	2012
Related parties				
Within credit terms	1,249	205	3,871	205
Overdue:				
Less than 3 months	-	147	-	147
	1,249	352	3,871	352
Other parties				
Within credit terms	47,934	33,566	26,496	17,178
Overdue:				
Less than 3 months	7,013	15,465	2,769	13,289
3 – 6 months	403	1,296	294	1,155
6 – 12 months	102	947	99	859
Over 12 months	19,014	18,598	9,256	8,634
	74,466	69,872	38,914	41,115
<u>Less</u> Allowance for doubtful accounts	(18,682)	(19,806)	(8,918)	(9,718)
	55,784	50,066	29,996	31,397
	57,033	50,418	33,867	31,749

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



12 Other current assets

(Unit: Baht'000)

	Consolidated		SET	
	2013	(Restated) 2012	2013	2012
Financial benefits to unitholders	200,321	41,080	-	-
Other receivables from disposals of investments in mutual funds	127,452	-	127,452	-
Cash for clearing collateral	121,531	242	-	-
Thai Stock Market Flood Relief Fund	48,741	120,015	48,741	120,015
Loans to employees	35,718	44,220	35,718	44,220
Prepaid expenses	19,141	14,450	18,996	14,298
Pending Input tax	8,681	3,174	8,656	3,126
Value added tax receivable	6,519	4,958	-	-
Withholding income tax receivable	6,277	2,799	-	-
Inventory – publication	3,667	3,901	3,667	3,901
Dividend receivable	1,965	51	1,965	5,925
Deferred tax assets	1,953	2,018	-	-
Refund for unallotted NVDRs	-	214,871	-	-
Others	3,227	3,494	1,266	2,227
	585,193	455,273	246,461	193,712

13 Investments in subsidiaries

Investments in subsidiaries as at 31 December 2013 and 2012, and dividend income for the years then ended were as follows:

(Unit: Baht'000)

	SET							
	Ownership interest %		Paid-up capital		Cost method		Dividend income	
	2013	2012	2013	2012	2013	2012	2013	2012
Subsidiaries								
Thailand Securities Depository Co., Ltd.	100.00	100.00	200,000	200,000	200,000	200,000	305,000	190,000
Thai Trust Fund Management Co., Ltd.	100.00	100.00	100,000	100,000	100,000	100,000	2,700	-
Thai NVDR Co., Ltd.	100.00	100.00	10,000	10,000	10,000	10,000	13,800	-
SETTRADE.COM Co., Ltd.	100.00	100.00	80,000	80,000	74,591	74,591	109,599	58,799
Siam DR Co., Ltd.	100.00	100.00	10,000	10,000	10,000	10,000	2,700	-
Thailand Futures Exchange Public Company Limited	100.00	100.00	100,000	100,000	100,000	100,000	7,500	67,000
Thailand Clearing House Co., Ltd.	100.00	100.00	100,000	100,000	102,700	102,700	-	-
			600,000	600,000	597,291	597,291	441,299	315,799



14 Investments in jointly-controlled entity, net

(Unit: Baht'000)

	Consolidated		SET	
	2013	2012	2013	2012
Jointly-controlled entity				
Opening balance	76,359	58,495	25,000	25,000
Dividend received	(17,628)	(14,442)	-	-
Dividend income	-	5,874	-	-
Share of profit from investment under equity method	1,453	26,432	-	-
Closing balance	60,184	76,359	25,000	25,000

Investments in jointly-controlled entity as at 31 December 2013 and 2012, and dividend income for the years then ended were as follows:

(Unit: Baht'000)

	Consolidated							
	Ownership interest %		Paid-up capital		Equity method		Dividend income	
	2013	2012	2013	2012	2013	2012	2013	2012
Jointly-controlled entity								
Family Know-how Co., Ltd.	50.00	50.00	50,000	50,000	60,184	76,359	-	5,874

(Unit: Baht'000)

	SET							
	Ownership interest %		Paid-up capital		Equity method		Dividend income	
	2013	2012	2013	2012	2013	2012	2013	2012
Jointly-controlled entity								
Family Know-how Co., Ltd.	50.00	50.00	50,000	50,000	25,000	25,000	11,754	15,874

Details of the investments and rights to receive dividends are provided in Note 35.1.

The following summary of the financial information in respect of the interest in the jointly-controlled entity as at 31 December 2013 and 2012 and for the years then ended which has been accounted for using the equity method represents the Group's share:

(Unit: Baht'000)

	Consolidated	
	2013	2012
Current assets	139,737	127,727
Non-current assets	45,594	58,877
Total assets	185,331	186,604
Current liabilities	56,761	33,673
Non-current liabilities	7,683	6,062
Total liabilities	64,444	39,735
Total revenues	195,261	248,349
Total expenses	191,085	171,563
Total comprehensive income	3,397	58,758



15 Investment in associates, net

(Unit: Baht'000)

	Consolidated		SET	
	2013	(Restated) 2012	2013	2012
Associates				
Opening balance	497,803	495,384	396,605	396,605
Share of profit from investments – recognised in statements of revenues and expenses	11,076	1,964	–	–
Share of profit for investments – recognised in statements of comprehensive revenues and expenses	57	455	–	–
Closing balance	508,936	497,803	396,605	396,605

Investments in associates as at 31 December 2013 and 2012, and dividend income for the years then ended were as follows:

(Unit: Baht'000)

	Consolidated									
	Ownership interest %		Paid-up capital		Cost method, net		Equity method		Dividend income	
	2013	2012	2013	2012	2013	2012	2013	(Restated) 2012	2013	2012
Associates										
Clearing Fund	15.18	16.56	1,176,471	1,050,743	100,000	100,000	183,495	178,489	–	–
TSFC Securities Public Company Limited	24.66	24.66	1,016,740	1,016,740	296,605	296,605	325,441	319,314	–	–
					396,605	396,605	508,936	497,803	–	–

(Unit: Baht'000)

	SET											
	Ownership interest %		Paid-up capital		Cost method		Impairment		At cost, net		Dividend income	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Associates												
Clearing Fund	15.18	16.56	1,176,471	1,050,743	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	–	–	296,605	296,605	–	–
					400,000	400,000	–	–	396,605	396,605	–	–



16 Long-term investments, net

(Unit: Baht'000)

	Consolidated		SET	
	2013	2012	2013	2012
Available-for-sale investments	3,456,754	3,356,643	3,453,979	3,353,748
Held-to-maturity debt securities	1,656,143	4,893,100	1,656,143	4,846,900
General investments	13,179	68,187	13,179	68,187
<u>Less</u> Allowance for impairment losses	-	(3,405)	-	(3,405)
	5,126,076	8,314,525	5,123,301	8,265,430

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

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

As at 31 December 2013, investments in general mutual funds represented investments in 19 open-ended funds, which have a policy of emphasising investment in equity securities of listed companies (2012: 11 funds) gold fund 9 funds (2012: 8 funds) and no debt fund (2012: one fund).

As at 31 December 2013, investments in property funds represented 9 closed-end non redeemable mutual funds (2012: 9 funds). These funds were established for acquiring, leasing and transferring properties and/or their leasehold rights and providing for income-generating properties. All these property funds are listed and traded on The Stock Exchange of Thailand.

As at 31 December 2013, investments in foreign investment funds represented investments in 12 open-ended funds (2012: 9 funds). The Feeder Fund policy is to emphasise investment in foreign fund securities.

As at 31 December 2013, government bonds, Bank of Thailand bonds and debentures which had maturities over one year to eight years, coupon rates ranging from 3.00% – 6.34% per annum (2012: from 3.00% – 5.19% per annum) and market yields ranging from 2.85% – 5.28% per annum (2012: from 3.02% – 4.93% per annum).

As at 31 December 2013, investments in specific-purpose funds represented investments in three open-ended venture capital funds (2012: three open-ended venture capital funds). 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.
- 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 34).

The investment portion that was redeemed in 2014 is presented as short-term investments (Note 10).

Movements of long-term investments for the years ended 31 December 2013 and 2012 were as follows:

(Unit: Baht'000)

	Consolidated		SET	
	2013	2012	2013	2012
Opening balance	8,314,525	5,329,372	8,265,430	5,308,512
Purchases	2,494,594	1,769,618	2,494,594	1,728,418
Disposals	(1,830,644)	(1,600,360)	(1,830,644)	(1,600,360)
Classification of investments (Note 10)	(3,368,057)	2,561,278	(3,321,857)	2,574,288
Adjustment	(71)	(446)	-	-
Unrealised gain (loss) on available-for-sale securities	(487,676)	256,018	(487,627)	255,527
Reversal (Allowance for impairment losses)	3,405	(955)	3,405	(955)
Closing balance	5,126,076	8,314,525	5,123,301	8,265,430

As at 31 December 2013 and 2012, held-to-maturity debt securities which were classified by maturity were as follows:

(Unit: Baht'000)

	Consolidated			
	Due			
	Within 1 year	1 to 5 years	Over 5 years	Total
31 December 2013				
Held-to-maturity debt securities				
Government bonds	-	1,046	-	1,046
Bank of Thailand bonds	-	100,000	-	100,000
Foreign bond	-	20,000	-	20,000
Debentures	148,533	646,457	385,000	1,179,990
Deposits at banks	6,319,690	503,640	-	6,823,330
	6,468,223	1,271,143	385,000	8,124,366
31 December 2012				
Held-to-maturity debt securities				
Government bonds	-	1,058	-	1,058
Bank of Thailand bonds	49,997	100,000	-	149,997
Debentures	410,010	553,203	211,908	1,175,121
Deposits at banks	4,537,127	4,026,931	-	8,564,058
	4,997,134	4,681,192	211,908	9,890,234



(Unit: Baht'000)

SET				
	Due			
	Within 1 year	1 to 5 years	Over 5 years	Total
31 December 2013				
Held-to-maturity debt securities				
Government bonds	-	1,046	-	1,046
Bank of Thailand bonds	-	100,000	-	100,000
Foreign bonds	-	20,000	-	20,000
Debentures	148,533	646,457	385,000	1,179,990
Deposits at banks	6,273,490	503,640	-	6,777,130
	6,422,023	1,271,143	385,000	8,078,166
31 December 2012				
Held-to-maturity debt securities				
Government bonds	-	1,058	-	1,058
Bank of Thailand bonds	49,997	100,000	-	149,997
Debentures	397,010	553,203	211,908	1,162,121
Deposits at banks	4,513,107	3,980,731	-	8,493,838
	4,960,114	4,634,992	211,908	9,807,014

As at 31 December 2013 and 2012, the fair value of held-to-maturity debt securities were as follows:

(Unit: Baht'000)

Consolidated				
	Amortised cost, net		Fair value	
	2013	2012	2013	2012
Government bonds	1,046	1,058	1,065	1,078
Bank of Thailand bonds	100,000	149,997	106,424	157,079
Foreign bonds	20,000	-	19,985	-
Debentures	1,179,990	1,175,121	1,192,299	1,186,502
Deposits at banks and Bills of exchange	6,823,330	8,564,058	6,823,330	8,564,058
	8,124,366	9,890,234	8,143,103	9,908,717
<u>Less</u> Classification of investments to short-term investment (Note 10)	(6,468,223)	(4,997,134)	(6,469,641)	(4,999,118)
	1,656,143	4,893,100	1,673,462	4,909,599



(Unit : Baht'000)

SET				
	Amortised cost, net		Fair value	
	2013	2012	2013	2012
Government bonds	1,046	1,058	1,065	1,078
Bank of Thailand bonds	100,000	149,997	106,424	157,079
Foreign bonds	20,000	-	19,985	-
Debentures	1,179,990	1,162,121	1,192,299	1,173,425
Deposits at banks and Bills of exchange	6,777,130	8,493,838	6,777,130	8,493,838
	8,078,166	9,807,014	8,096,903	9,825,420
<u>Less</u> Classification of investments to short-term investment (Note 10)	(6,422,023)	(4,960,114)	(6,423,441)	(4,962,020)
	1,656,143	4,846,900	1,673,462	4,863,400

As at 31 December 2013 and 2012, the fair value of investments in specific-purpose funds were as follows:

(Unit: Baht'000)

Consolidated and SET						
	Cost		Fair value		Impairment	
	2013	2012	2013	2012	2013	2012
Investments in specific-purpose funds	70,029	96,720	61,494	91,277	(13,698)	(7,007)
<u>Less</u> Classification of investment to short-term investments (Note 10)	(69,185)	(40,869)	(60,379)	(38,509)	13,698	3,602
	844	55,851	1,115	52,768	-	(3,405)



17 Property, plant and equipment, net

(Unit: Baht'000)

Consolidated						
	Land and land improvements	Buildings and building improvements	Furniture, fixtures and office equipment	Motor vehicles	Work in process / Building under construction	Total
As at 1 January 2012						
Cost	1,015,585	1,738,753	891,870	4,639	26,884	3,677,731
<u>Less</u> Accumulated depreciation	(768)	(507,510)	(750,994)	(891)	-	(1,260,163)
Net book amount	1,014,817	1,231,243	140,876	3,748	26,884	2,417,568
For the year ended						
31 December 2012						
Opening net book amount	1,014,817	1,231,243	140,876	3,748	26,884	2,417,568
Additions	-	3,680	55,437	4,191	85,069	148,377
Disposals/write-off	(731)	-	(720)	(5,592)	-	(7,043)
Transfers	-	4,000	1,920	-	(5,920)	-
Depreciation charge	(64)	(71,361)	(39,198)	(199)	-	(110,822)
Adjustments	-	2,307	89	(62)	21	2,355
Closing net book amount	1,014,022	1,169,869	158,404	2,086	106,054	2,450,435
As at 31 December 2012						
Cost	1,014,022	1,746,413	893,264	3,238	106,054	3,762,991
<u>Less</u> Accumulated depreciation	-	(576,544)	(734,860)	(1,152)	-	(1,312,556)
Net book amount	1,014,022	1,169,869	158,404	2,086	106,054	2,450,435
For the year ended						
31 December 2013						
Opening net book amount	1,014,022	1,169,869	158,404	2,086	106,054	2,450,435
Additions	-	3,211	74,701	1,350	268,833	348,095
Disposals/write-off	-	-	(274)	(1,350)	-	(1,624)
Depreciation charge	-	(69,297)	(49,491)	(153)	-	(118,941)
Adjustments	-	(343)	-	-	(3,842)	(4,185)
Closing net book amount	1,014,022	1,103,440	183,340	1,933	371,045	2,673,780
As at 31 December 2013						
Cost	1,014,022	1,749,281	929,398	3,238	371,045	4,066,984
<u>Less</u> Accumulated depreciation	-	(645,841)	(746,058)	(1,305)	-	(1,393,204)
Net book amount	1,014,022	1,103,440	183,340	1,933	371,045	2,673,780



(Unit: Baht'000)

SET						
	Land and land improvements	Buildings and building improvements	Furniture, fixtures and office equipment	Motor vehicles	Work in process / Building under construction	Total
As at 1 January 2012						
Cost	1,015,585	1,737,037	770,139	4,639	26,884	3,554,284
<u>Less</u> Accumulated depreciation	(768)	(506,338)	(634,391)	(891)	-	(1,142,388)
Net book amount	1,014,817	1,230,699	135,748	3,748	26,884	2,411,896
For the year ended 31 December 2012						
Opening net book amount	1,014,817	1,230,699	135,748	3,748	26,884	2,411,896
Additions	-	3,680	55,437	4,191	85,069	148,377
Disposals/write-off	(731)	-	(64)	(5,592)	-	(6,387)
Transfers	-	4,000	1,920	-	(5,920)	-
Depreciation charge	(64)	(71,298)	(37,131)	(199)	-	(108,692)
Adjustments	-	2,307	71	(62)	21	2,337
Closing net book amount	1,014,022	1,169,388	155,981	2,086	106,054	2,447,531
As at 31 December 2012						
Cost	1,014,022	1,744,696	806,770	3,238	106,054	3,674,780
<u>Less</u> Accumulated depreciation	-	(575,308)	(650,789)	(1,152)	-	(1,227,249)
Net book amount	1,014,022	1,169,388	155,981	2,086	106,054	2,447,531
For the year ended 31 December 2013						
Opening net book amount	1,014,022	1,169,388	155,981	2,086	106,054	2,447,531
Additions	-	3,211	74,701	1,350	268,833	348,095
Disposals/write-off	-	-	(268)	(1,350)	-	(1,618)
Depreciation charge	-	(69,256)	(48,079)	(153)	-	(117,488)
Adjustments	-	(343)	-	-	(3,842)	(4,185)
Closing net book amount	1,014,022	1,103,000	182,335	1,933	371,045	2,672,335
As at 31 December 2013						
Cost	1,014,022	1,747,564	848,632	3,238	371,045	3,984,501
<u>Less</u> Accumulated depreciation	-	(644,564)	(666,297)	(1,305)	-	(1,312,166)
Net book amount	1,014,022	1,103,000	182,335	1,933	371,045	2,672,335



18 Intangible assets, net

(Unit: Baht'000)

Consolidated				
	Computer software	Patent	Work in process	Total
As at 1 January 2012				
Cost	823,761	-	79,109	902,870
<u>Less</u> Accumulated amortisation	(679,766)	-	-	(679,766)
Net book amount	143,995	-	79,109	223,104
For the year ended 31 December 2012				
Opening net book amount	143,995	-	79,109	223,104
Additions	28,957	-	144,334	173,291
Disposals/write-off	(4,444)	-	-	(4,444)
Transfers	192,223	-	(192,223)	-
Amortisation charge	(73,848)	-	-	(73,848)
Adjustments	10	-	-	10
Closing net book amount	286,893	-	31,220	318,113
As at 31 December 2012				
Cost	1,038,235	-	31,220	1,069,455
<u>Less</u> Accumulated amortisation	(751,342)	-	-	(751,342)
Net book amount	286,893	-	31,220	318,113
For the year ended 31 December 2013				
Opening net book amount	286,893	-	31,220	318,113
Additions	60,765	861	125,471	187,097
Disposals/write-off	(219)	-	-	(219)
Amortisation charge	(70,154)	(6)	-	(70,160)
Closing net book amount	277,285	855	156,691	434,831
As at 31 December 2013				
Cost	1,000,634	861	156,691	1,158,186
<u>Less</u> Accumulated amortisation	(723,349)	(6)	-	(723,355)
Net book amount	277,285	855	156,691	434,831



(Unit: Baht'000)

	SET		
	Computer software	Work in Process	Total
As at 1 January 2012			
Cost	743,027	79,109	822,136
<u>Less</u> Accumulated amortisation	(603,383)	-	(603,383)
Net book amount	139,644	79,109	218,753
For the year ended 31 December 2012			
Opening net book amount	139,644	79,109	218,753
Additions	28,957	144,334	173,291
Disposals/write-off	(4,444)	-	(4,444)
Transfers	192,223	(192,223)	-
Amortisation charge	(72,160)	-	(72,160)
Closing net book amount	284,220	31,220	315,440
As at 31 December 2012			
Cost	957,501	31,220	988,721
<u>Less</u> Accumulated amortisation	(673,281)	-	(673,281)
Net book amount	284,220	31,220	315,440
For the year ended 31 December 2013			
Opening net book amount	284,220	31,220	315,440
Additions	60,075	125,471	185,546
Disposals/write-off	(219)	-	(219)
Amortisation charge	(68,852)	-	(68,852)
Closing net book amount	275,224	156,691	431,915
As at 31 December 2013			
Cost	919,686	156,691	1,076,377
<u>Less</u> Accumulated amortisation	(644,462)	-	(644,462)
Net book amount	275,224	156,691	431,915

19 Assets for margin deposits and benefits

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



As at 31 December 2013 and 2012, the details of investments for which margin deposits were placed by members amounting to Baht 9,361.83 million and Baht 6,810.07 million, respectively are as follows:

(Unit: Baht'000)

	Consolidated	
	2013	2012
Savings and fixed deposit accounts	8,639,053	6,134,925
Savings account in foreign currency	395,028	245,174
Bonds	212,261	378,408
Accrued benefits	115,491	51,566
	9,361,833	6,810,073

As at 31 December 2013, savings account in foreign currency of USD 12.09 million was translated into Thai Baht using the average transfer buying rate announced by the Bank of Thailand at the end of the accounting period (2012: USD 8.04 million).

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

20 Assets for clearing system protection and benefits

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

Assets for clearing system protection comprise the following:

20.1 Securities Deposit

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

20.2 Clearing fund contributions comprising contributions from:

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

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



As at 31 December 2013 and 2012, assets for clearing system protection and benefits consist of:

(Unit: Baht'000)

	Consolidated					
	Securities Deposit and benefits		Clearing fund and benefits		Total	
	2013	2012	2013	2012	2013	2012
Investments managed by TCH	725,497	824,030	-	-	725,497	824,030
Investments managed by private fund						
Savings accounts	1,558	972	259	2,690	1,817	3,662
Fixed deposit accounts	78,003	60,003	231,309	147,003	309,312	207,006
Other debt instruments	-	10,000	-	20,000	-	30,000
Trading Securities	132,155	138,300	355,218	328,416	487,373	466,716
	937,213	1,033,305	586,786	498,109	1,523,999	1,531,414
Accrued interest receivable	9,672	8,318	4,323	3,294	13,995	11,612
Other assets	52	89	5,400	5,242	5,452	5,331
	946,937	1,041,712	596,509	506,645	1,543,446	1,548,357

(Unit: Baht'000)

SET		
	2013	2012
Clearing fund and benefits		
Contributions	100,000	100,000
Benefits	30,835	27,033
	130,835	127,033

Investment managed by TCH

For the year ended 31 December 2013, savings accounts carried interest at the rate of 0.5% – 0.625% per annum (2012: 0.50% per annum).

For the year ended 31 December 2013, fixed deposit accounts carried interest at the rates of 2.35% per annum (2012: from 2.50% – 2.75% per annum).

Investments managed by private fund

Investments in private fund are managed by 1 asset management company (2012: 1 company).

The investments policy of private fund is reference to the TCH's regulations in relation to deposits with financial institution and company's investment policies. For the year ended 31 December 2013, the investment in private fund have return rates ranging from 3.29% – 3.31% per annum (2012: from 3.69% – 3.73% per annum).



As at 31 December 2013 and 2012, assets for clearing system protection and benefits payables consist of:

(Unit: Baht'000)

Consolidated		
	2013	2012
Securities Deposit and benefits		
Contributions	935,000	1,024,000
Benefits (semi-annually distribute to members)	11,937	17,712
	946,937	1,041,712
Clearing fund and benefits		
Contributions	409,321	330,513
Benefits	56,352	49,099
	465,673	379,612
	1,412,610	1,421,324

21 Deferred income taxes

(Unit: Baht'000)

Consolidated		
	2013	2012
Deferred tax assets	1,953	2,018
Deferred tax liabilities	237	271
Deferred income taxes, net	1,716	1,747

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

Deferred tax asset

(Unit: Baht'000)

Consolidated		
	2013	2012
Opening balance	2,018	(467)
Charged/(credited) to profit or loss	(65)	2,485
Tax charged/(credited) directly to fund balance	-	-
Closing balance	1,953	2,018

Deferred tax liabilities

(Unit: Baht'000)

Consolidated		
	2013	2012
Opening balance	271	131
Charged/(credited) to profit or loss	(18)	131
Tax charged/(credited) directly to fund balance	(16)	9
Closing balance	237	271



22 Accounts payable and accrued expenses

(Unit: Baht'000)

		Consolidated		SET	
	Note	2013	2012	2013	2012
Accounts payable					
Subsidiaries	8	-	-	107	-
Jointly-controlled entity	8	19,525	275	19,525	275
		19,525	275	19,632	275
Other parties		136,666	57,947	135,964	52,786
		156,191	58,222	155,596	53,061
Accrued expenses					
Subsidiaries	8	-	-	167	163
Jointly-controlled entity	8	2,042	14,764	2,042	14,764
		2,042	14,764	2,209	14,927
Other parties		992,609	802,608	976,855	788,373
		994,651	817,372	979,064	803,300
		1,150,842	875,594	1,134,660	856,361

23 Other current liabilities

(Unit: Baht'000)

		Consolidated		SET	
		2013	(Restated) 2012	2013	2012
Dividend payable from registrar services to shareholders		200,321	41,080	-	-
Withholding tax payable		162,132	114,119	107,114	84,571
Clearing collateral payables		121,531	242	-	-
Financial benefits payable		75,223	57,906	-	-
Thai Stock Market Flood Relief Fund		48,741	120,015	48,741	120,015
Income tax payable		43,688	45,082	-	-
Other retention payables		30,606	18,373	30,602	18,369
Provision for employee benefits from accumulated annual leave		22,951	20,903	22,951	20,903
Ngoen-Thong-khong-Mee-Kha Fund		11,275	11,299	11,275	11,299
Deferred tax liabilities		237	271	-	-
Refund for unallotted TNVDR		-	214,871	-	-
Others		39,693	25,784	22,913	18,367
		756,398	669,945	243,596	273,524



24 Provision for employee benefits

(Unit: Baht'000)

	Consolidated		SET	
	2013	2012	2013	2012
Obligations in statement of financial position				
Retirement benefits	149,754	137,325	149,754	137,325
Other benefits	31,118	29,117	31,118	29,117
	180,872	166,442	180,872	166,442
Charge in the statement of comprehensive revenues and expenses				
Retirement benefits	20,891	19,766	20,891	19,766
Other benefits	3,361	3,238	3,361	3,238
	24,252	23,004	24,252	23,004

As at 31 December 2013 and 2012, the amounts of liabilities recognised in the statement of financial position are determined as follows:

(Unit: Baht'000)

	Consolidated		SET	
	2013	2012	2013	2012
Present value of obligations				
Retirement benefits	170,751	158,732	170,751	158,732
Other benefits	31,118	29,117	31,118	29,117
	201,869	187,849	201,869	187,849
Unrecognised actuarial loss				
Retirement benefits	(20,997)	(21,407)	(20,997)	(21,407)
Liabilities in the statement of financial position	180,872	166,442	180,872	166,442

Movements of the provision for employee benefits for the years ended 31 December 2013 and 2012 were as follows:

(Unit: Baht'000)

	Consolidated		SET	
	2013	2012	2013	2012
Opening balance	166,442	149,222	166,442	149,222
Current service cost	16,829	16,087	16,829	16,087
Interest costs	7,012	6,370	7,012	6,370
Unrealised gain from actuarial	411	546	411	546
Transfer from jointly-controlled entity	-	43	-	43
	190,694	172,268	190,694	172,268
Less Benefits paid	(9,822)	(5,826)	(9,822)	(5,826)
Closing balance	180,872	166,442	180,872	166,442
Less Current portion	(5,568)	(6,102)	(5,568)	(6,102)
Total non-current portion	175,304	160,340	175,304	160,340



For the years ended 31 December 2013 and 2012, the principal actuarial assumptions used were as follows:

	2013	2012
Discount rate as of 31 December	3.80%	3.80%
Salary increase rate – permanent employees	5.00% – 10.00%	5.00% – 10.00%
Salary increase rate – contract employees	4.50%	4.50%
Average turnover rate	0.00% – 9.00%	0.00% – 9.00%
Pre-retirement mortality rate	0.08% – 1.03%	0.08% – 1.03%
Retirement age	60 years old	60 years old

25 Fund balances

Details of fund balances are as follows:

Securities Clearing Reserve Fund

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

Derivatives Clearing Reserve Fund

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

Indemnity Fund

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

SET Building Construction Fund

In 1992, the Board of Governors of the SET approved an appropriation of general funds totalling Baht 580 million for the construction of SET buildings. Construction of the office buildings was completed in 1998. The remaining fund balance of Baht 246.30 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. As at 31 December 2013, SET Building Construction Fund had balance Baht 7.77 million (2012: Baht 7.77 million).

Staff Welfare Fund

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

Securities Investor Protection Fund

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



The SIPF was formally established under SIPF regulations on 1 October 2004. The objective of the fund is to protect and build investor confidence in trading listed securities on the SET through the members of the SIPF. As at 31 December 2013, 33 securities companies were SIPF members (2012: 32 companies).

The assets of SIPF consist of:

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

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

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

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

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

(Unit: Baht*000)

Consolidated and SET		
	2013	2012
Assets		
Current assets		
Cash deposits and short-term investments	487,632	401,320
Accrued interest receivable	8,318	4,611
Other current asset	5	-
Total current assets	495,955	405,931
Non-current assets		
Long-term investments	169,478	245,170
Total assets	665,433	651,101
Liabilities and fund balances		
Non-current liabilities		
Contributions from members	202,322	201,315
Benefits on contributions from members	48,377	43,356
Total non-current liabilities	250,699	244,671
Fund balances		
Initial fund	300,000	300,000
Benefits on contributions from SET	114,734	106,430
Total fund balances	414,734	406,430
Total liabilities and fund balances	665,433	651,101



The SIPF's statement of revenues and expenses for the years ended 31 December 2013 and 2012 are presented in Note 26 to the financial statements "Results of fund operations".

Derivatives Investor Protection Fund

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

The DIPF was established on 15 November 2012. The objective of the DIPF is to provide protection for derivatives contracts investors in accordance with the rules prescribed by the Company. Investors need to be protected must become customers of DIPF members and is a Thai natural person, a juristic person incorporated in Thailand who is not an institutional investor under the Derivatives Act B.E. 2546 (2003). As at 31 December 2013, there were 41 DIPF members from security companies (2012: 37 DIPF members).

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

The DIPF's financial statement included as part of the consolidated and entity's financial statements is as follows:

(Unit: Baht'000)

Consolidated	
	2013
Assets	
Current assets	
Cash deposits and short-term investments	57,622
Contributions from members	978
Accrued interest receivable	354
Total current assets	58,954
Liabilities and fund balances	
Non-current liabilities	
Contributions from members	7,601
Benefits on contributions from members	93
Other non-current liabilities	267
Total non-current liabilities	7,961
Fund balances	
Initial fund	50,000
Benefits on contributions from TFEX	993
Total fund balances	50,993
Total liabilities and fund balances	58,954

The DIPF's statement of revenues and expenses for the years ended 31 December 2013 are presented in Note 26 to the financial statements "Results of fund operations".



26 Results of fund operations

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

(Unit: Baht'000)

Consolidated					
	Staff Welfare Fund	Securities Investor Protection Fund (SET's portion)	Derivatives Investor Protection Fund (TFEX's portion)	General Fund	Total
For the year ended 31 December 2013					
Revenues					
Operating revenues	-	-	-	4,309,279	4,309,279
Investment income, net	2,598	15,268	1,392	818,132	837,390
Other income	-	-	-	184,257	184,257
Total revenues	2,598	15,268	1,392	5,311,668	5,330,926
Expenses					
Operating expenses	-	143	151	2,975,519	2,975,813
Contributions to The Stock Exchange of Thailand Foundation	-	-	-	561,633	561,633
Income tax expense	-	-	248	132,020	132,268
Total expenses	-	143	339	3,669,172	3,669,714
Revenues over expenses	2,598	15,125	993	1,642,496	1,661,212
Total other comprehensive revenues and expenses - available-for-sale financial assets	-	(6,821)	-	(487,671)	(494,492)
Total comprehensive revenues and expenses	2,598	8,304	993	1,154,825	1,166,720
For the year ended 31 December 2012					
Revenues					
Operating revenues	-	-	-	3,364,915	3,364,915
Investment income, net	1,990	14,185	-	980,191	996,366
Other income	-	-	-	179,958	179,958
Total revenues	1,990	14,185	-	4,525,064	4,541,239
Expenses					
Operating expenses	-	102	-	2,598,962	2,599,064
Contributions to The Stock Exchange of Thailand Foundation	-	-	-	453,634	453,634
Income tax expense	-	-	-	124,000	124,000
Total expenses	-	102	-	3,176,596	3,176,698
Revenues over expenses	1,990	14,083	-	1,348,468	1,364,541
Total other comprehensive revenues and expenses - available-for-sale financial assets	-	6,682	-	247,577	254,259
Total comprehensive revenues and expenses	1,990	20,765	-	1,596,045	1,618,800



(Unit: Baht'000)

SET					
	Staff Welfare Fund	Securities Investor Protection Fund (SET's portion)	Derivatives Investor Protection Fund (TFEX's portion)	General Fund	Total
For the year ended 31 December 2013					
Revenues					
Operating revenues	-	-	-	1,864,544	1,864,544
Investment income, net	2,598	15,268	-	1,226,986	1,244,852
Other income	-	-	-	1,752,589	1,752,589
Total revenues	2,598	15,268	-	4,844,119	4,861,985
Expenses					
Operating expenses	-	143	-	2,723,889	2,724,032
Contributions to The Stock Exchange of Thailand Foundation	-	-	-	561,633	561,633
Total expenses	-	143	-	3,285,522	3,285,665
Revenues over expenses	2,598	15,125	-	1,558,597	1,576,320
Total other comprehensive revenues and expenses - available-for-sale financial assets	-	(6,821)	-	(487,622)	(494,443)
Total comprehensive revenues and expenses	2,598	8,304	-	1,070,975	1,081,877
For the year ended 31 December 2012					
Revenues					
Operating revenues	-	-	-	1,330,239	1,330,239
Investment income, net	1,990	14,185	-	1,254,123	1,270,298
Other income	-	-	-	1,489,015	1,489,015
Total revenues	1,990	14,185	-	4,073,377	4,089,552
Expenses					
Operating expenses	-	102	-	2,396,876	2,396,978
Contributions to The Stock Exchange of Thailand Foundation	-	-	-	453,634	453,634
Total expenses	-	102	-	2,850,510	2,850,612
Revenues over expenses	1,990	14,083	-	1,222,867	1,238,940
Total other comprehensive revenues and expenses - available-for-sale financial assets	-	6,682	-	247,086	253,768
Total comprehensive revenues and expenses	1,990	20,765	-	1,469,953	1,492,708



27 Operating revenues

(Unit: Baht'000)

	Consolidated		SET	
	2013	2012	2013	2012
Trading fees	1,588,371	1,113,290	1,233,094	792,468
Stock registrar fees	769,709	645,182	-	-
Clearing fees	487,709	331,742	-	-
Member services fees	416,041	371,564	-	-
Listing fees	361,030	313,994	361,030	313,994
Depository fees	234,356	188,903	-	-
Information service fees	216,338	183,923	178,944	151,603
Membership fees	101,146	112,549	22,800	22,800
Customisation and IT support fees	68,676	49,374	68,676	49,374
Fund registrar fees	65,903	54,394	-	-
	4,309,279	3,364,915	1,864,544	1,330,239

28 Investment income, net

(Unit: Baht'000)

Notes	Consolidated		SET	
	2013	2012	2013	2012
Interest income	730,333	687,797	445,177	412,586
<u>Less</u> Interest expense				
Short-term borrowings from subsidiaries	8	-	(28,263)	(17,591)
Assets for clearing system protection-members' portion		(269,913)	-	-
Interest income, net	460,420	439,781	416,914	394,995
Dividend income from				
Mutual funds	295,532	330,051	295,307	329,827
Subsidiaries	13	-	441,299	315,799
Jointly-controlled entity	14	-	11,754	15,874
Other entities	2,151	2,168	2,151	2,168
Realised gain from investments	58,676	180,614	58,118	174,409
Unrealised gain from investments	10,642	5,827	10,732	5,175
Reversals of impairment/(impairment loss)	(6,691)	17,866	(6,691)	17,866
	820,730	982,181	1,229,584	1,256,113



29 Other income

(Unit: Baht'000)

	Consolidated		SET	
	2013	2012	2013	2012
Educational activities income	35,707	32,015	35,707	32,015
Revenues from marketing event	34,005	26,082	34,005	26,082
Revenues from fees and management funds	23,454	20,552	-	-
Fines	17,154	9,962	10,890	5,036
Service income	15,977	14,688	1,643,302	1,389,745
Rental & utilities revenue	13,701	12,538	13,558	12,538
Other income	31,730	35,725	15,127	23,599
	171,728	151,562	1,752,589	1,489,015

30 Employee benefit expenses

(Unit : Baht'000)

	Consolidated		SET	
	2013	2012	2013	2012
Management				
Salaries and other benefits	143,582	151,844	143,582	151,844
Contributions to provident fund	10,757	12,260	10,757	12,260
	154,339	164,104	154,339	164,104
Other employees				
Salaries and other benefits	1,028,169	865,742	1,028,176	865,806
Contributions to provident fund	57,720	54,415	57,720	54,415
	1,085,889	920,157	1,085,896	920,221
	1,240,228	1,084,261	1,240,235	1,084,325

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3.00% to 10.00% of their basic salaries and by the Group at the rate of 10.00% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.



31 SEC fees

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

In 2010, the Board of the SEC has approved to charge SET for the year 2011–2013 (for the period of 3 years) as follows:

1. Charge at the rate of 0.002% of trading value of the year, and
2. Charge on total equity of listing companies who have never issued securities for sale under the approval of the SEC, at the same rate that the SEC charge from listed companies who issued securities and submit report to the SEC according to clause 56 of the SEC Act. In 2011 and 2012, the SEC will charge at 50% and 70% of the amount calculated, respectively. In 2013, the SEC charge at 100% of the amount calculated.

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

The Board of the SEC also approved to charge fees from Thailand Future Exchange (Public) Co., Ltd. for derivatives trading exchange. The rate for year 2011 – 2013 is Baht 2 million per annum.

32 Other expenses

(Unit: Baht'000)

	Consolidated		SET	
	2013	2012	2013	2012
Fees and compensation expenses	60,186	75,877	55,859	72,312
Travelling and vehicle expenses	34,450	33,877	34,052	33,877
Contributions to capital market institutions	29,315	21,421	29,315	21,421
Institution membership fees	4,083	3,599	3,466	2,958
Meeting expenses	3,720	3,222	3,720	3,222
Entertainment expenses	2,581	2,280	2,581	2,280
Other expenses	23,643	19,311	19,653	18,847
	157,978	159,587	148,646	154,917

33 Income tax expense

(Unit: Baht'000)

Consolidated		
	2013	2012
Current income tax		
Current income tax	131,973	126,354
Total Current income tax	131,973	126,354
Deferred income tax (Note 21)		
Origination and reversal of temporary differences	47	(2,354)
Total deferred income tax	47	(2,354)
Total income tax expense	132,020	124,000



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

(Unit: Baht'000)

Consolidated		
	2013	2012
Revenues over expenses before income tax expense	1,793,234	1,488,541
Tax calculated at a tax rate of 20% (2012: 23%)	358,647	342,364
Income not subject to tax	982	1,124
Expenses not deductible for tax purposes	(298)	(582)
Eliminated transaction between related party, net of income tax	88,105	68,404
Revenues over expenses – The Stock Exchange of Thailand, net of income tax	(315,264)	(284,956)
Revenues over expenses – Derivatives Investor Protection Fund (TFEX's portion), net of income tax	(199)	-
Current income tax	131,973	126,354

The weight average applicable tax rate was 7% (2012: 8%). The decrease is caused by a change in corporate income tax rate announced by the Revenue Department.

34 Commitments with non-related parties

(Unit: Baht'000)

	Consolidated		SET	
	2013	2012	2013	2012
Capital commitments				
Buildings and other constructions	2,176,756	16,759	2,176,756	16,759
Computer and software	146,548	174,195	146,548	174,195
	2,323,304	190,954	2,323,304	190,954
Non-cancellable operating lease commitments				
Within one year	11,607	11,266	11,607	11,266
After one year but within five years	19,014	22,440	19,014	22,440
	30,621	33,706	30,621	33,706
Land lease commitments				
Within one year	13,525	13,525	13,525	13,525
After one year but within five years	58,408	56,254	58,408	56,254
Over 5 years	158,994	174,673	158,994	174,673
	230,927	244,452	230,927	244,452
Derivative trading and clearing system maintenance commitments				
Within one year	80,561	75,251	80,561	75,251
After one year but within five years	200,332	215,597	200,332	215,597
Over 5 years	20,868	66,274	20,868	66,274
	301,761	357,122	301,761	357,122



Moreover, the SET has an obligation to capital commitment subscription in two specific-purpose funds (Note 16) as follows:

1. Fund invested directly in energy, alternative a renewable energy firms and businesses that support the government's energy policies. The Asset Management Company will make additional investments from the SET amounting to Baht 18.4 million unless the payment was made in the full amount of capital commitment subscription of due in terms of the 10 years (3 August 2017).
2. Fund invested in business and industries which have potential growth. The capital commitment subscription has in first four year, which due on 11 August 2012.

35 Litigation, contingent assets and contingent liabilities

35.1 Litigation

35.1.1 SET

In 2012, the Group sued the insurance group because The Stock Exchange of Thailand building was fire damaged. The Group is seeking compensation for alleged damages relating to dismiss a insurance contract amount Baht 123 million combined with interest rate at 7.50% per annum. In 2013, the Civil court dismissed not to pay compensation to the Group. The case has not been finalised and the Group appealed the verdict. As at 31 December 2013 the case is under the consideration by the Appeal court so the outcome of the case has not presently been finalised. Therefore, the Group has not recorded any potential income in the financial statements for the years ended 31 December 2013 and 2012.

35.2 Contingent assets

35.2.1 Jointly-controlled entity

In 2009, the SET restructured the business of Family Know-how Co., Ltd. (Family Know-how) by entering into a joint venture arrangement with another company, which holds 50.00% of the registered share capital in Family Know-how. The SET holds 2,500,000 preference shares and the other company holds 2,500,000 ordinary shares. During the period from 1 January 2010 to 31 December 2012, the preference shareholders will be entitled to receive dividends before the ordinary shareholders from the operating result of Family Know-how. It will receive 10% of the net profit before legal reserve, and also receive dividends from the remaining net profit according to proportion of share holding in Family Know-how. After year 2012, all shares will have equal right and status.

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

35.3 Contingent liabilities

35.3.1 SET

As at 31 December 2013, the SET has letters of guarantee issued by banks totalling Baht 4.61 million (2012: Baht 4.40 million) in respect of electricity usage in the ordinary course of business from which management anticipates that no material liabilities will arise.

The SET has issued a letter of comfort to a bank in respect of an overdraft credit line of Baht 2,400 million (2012: Baht 2,400 million) granted to Thailand Clearing House Co., Ltd. (TCH), a subsidiary, for clearing and settlement of equity instruments and derivatives. Under the terms of the letter of comfort, the SET is required to maintain its shareholding at 100.00% 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 2013, TCH had not drawn down the overdraft credit line.



35.3.2 Subsidiaries

During 2009, a subsidiary of the SET was named in a civil lawsuit as joint defendant (together with other individuals and juristic persons/entities) for alleged wrongful acts. The plaintiff is seeking compensation for alleged damages relating to the forgery of ordinary share certificates and for the defendants to be jointly responsible for compensation totalling Baht 223 million. In 2011, the civil court has considered the dismissal of the case. The outcome of the case has not presently been finalised and it's under the appeal of the plaintiff. The management of the subsidiary has assessed the current status of the litigation and anticipates that the case will not give rise to any significant loss to the subsidiary. Therefore, the subsidiary has not recorded any potential losses in the financial statements for the years ended 31 December 2013 and 2012.

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.



SET subsidiaries

Thailand Futures Exchange PCL

The Thailand Futures Exchange PCL (TFEX), a subsidiary of The Stock Exchange of Thailand (SET), was established on May 17, 2004, as a derivatives exchange under the Derivatives Act B.E. 2546 (2003). TFEX received a license to be a center of derivatives trading under supervision of the Securities and Exchange Commission (SEC) on February 11, 2005. Effective on January 1, 2013, TFEX changed its Thai name to be in line with the Derivatives Act, and also changed its logo, using the same symbol as that of the SET Group, to show its being a part of the group that matched the right financial opportunities for its customers.

Operations

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

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

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

Being a center of derivatives trading, meeting international standards, including on efficiency, helping individual and juristic investors effectively use the products as hedging instruments.

Offering alternative investments in a trading system that is fair, transparent and liquid according to international standards, including building confidence in the clearing and settling of every transaction made on TFEX, as TFEX has the Thailand Clearing House Co., Ltd., which is very stable, as its counterparty.

Providing investors with information that reflects the expectations of market participants as to future prices of securities. Investors and enterprises will thus be able to plan their operations more effectively.

Registered capital and organizational management

TFEX has a total registered capital of THB100 million (USD 2.91 million), with the SET holding 99.99% of that amount.

Board of Directors

Name		Position
Dr. Sathit	Limpongpan	Chairman
Charamporn	Jotikasthira	Vice Chairman
Chanisa	Chutipat	Member
Charnchai	Kongthongluck	Member
Pakorn	Peetathawatchai	Member
Pattera	Dilokrunghthirapop	Member
Sakkarin	Ruamrangsri	Member
Somjin	Sornpaisarn	Member
Suthep	Peetakanont	Member
Kesara	Manchusree	Managing Director



Thailand Securities Depository Co., Ltd.

The Thailand Securities Depository Co., Ltd. (TSD) is a subsidiary of The Stock Exchange of Thailand. The TSD was established on November 16, 1994 and commenced operations on January 1, 1995, to develop and support post-trade services to reach international standards, including in effectiveness.

Operations

The TSD provides three types of securities post-trade services:

- **Securities depository services:** acts as a central securities depository for stocks and bonds, using a secure and efficient scripless system, provide services for securities deposit, withdrawal, transfer, pledge, and revocation. Investors can conduct the transactions through depository participants, and also responsible for managing the foreign holding proportion of the securities traded on the main board and foreign board of the Stock Exchange of Thailand to comply with related rules and regulations.
- **Securities registration services:** acts as a registrar for common and preferred stocks, offers service which mainly covers the functions of preparing and maintaining the Register Book that contains correct and complete information. Our service is executed through the cutting edge and efficient computer system that has been developed to have a direct linkage to that of the Securities Depository Center. On the system-wise, we also have secured data storage and processing system with the corresponding back-ups ready for securing the continuity of our service. Also, our vault and data management systems have been in place to secure the rights of the securities holders and for verification and risk minimizing purposes.
- **Provident Fund:** act as a registrar for Provident Fund for the entire cycle which includes requesting an employer to submit saving deposit and employer's granted deposit, preparing and updating the member list and calculating and recording such deposit..

Registered capital and organizational management

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

Board of Directors

Name		Position
Charnporn	Jotikasthira	Chairman
Kesara	Manchusree	Member
Pakorn	Peetathawatchai	Member
Sakkarin	Ruamrangsri	Member
Udomwara	Dechsongjarus	Member
Chanisa	Chutipat	Managing Director



Settrade.com Co., Ltd.

Settrade.com Co., Ltd. (Settrade) was established by The Stock Exchange of Thailand (SET) on October 13, 2000 and commenced operations on November 3, 2000, to provide Internet trading platforms and trading systems for securities companies, thus offering more channels for securities trading and to facilitate investors.

Operations

Settrade provides Internet trading platforms for equities and derivatives, and investment technology to SET members and TFEX members, to offer a broader range of trading channels to investors.

Registered capital and organizational management

Settrade has total registered capital of THB80 million (USD 2.33 million), with the SET holding 99.99% of total registered capital

Board of Directors

Name		Position
Charamporn	Jotikasthira	Chairman
Kesara	Manchusree	Member
Kirati	Kosicharoen	Member
Sakkarin	Ruamrangsri	Member
Chanisa	Chutipat	Member
Kesara	Manchusree	Member
Pakorn	Peetathawatchai	Member
Sakkarin	Ruamrangsri	Member

Thai NVDR Co., Ltd.

Thai NVDR Co., Ltd. (Thai NVDR) was established in October 4, 2000, with a registered capital of THB 10 million. The Stock Exchange of Thailand (SET) is the major shareholder, holding 99.99% of the total shares. Thai NVDR is responsible for issuing and selling Non-Voting Depository Receipts (NVDRs) to investors.

Nature of business

Thai NVDR is responsible for executing the purchase or sale of those listed company shares whose investors wish to trade through NVDRs. This service is offered to all, irrespective of the number of securities held or the holder's nationality. NVDR holders receive the same full financial benefits as they would receive had they invested directly in shares (i.e. dividends, rights, and warrants) but there are no voting rights for NVDR holders.

Registered capital and organizational management

Thai NVDR has a total registered capital of THB 10 million, with the SET holding 99.99% of total registered capital.

Board of Directors

Name		Position
Charnporn	Jotikasthira	Chairman
Pakorn	Peetathawatchai	Member
Sakkarin	Ruamrangsri	Member
Udomwara	Dechsongjarus	Member
Chanisa	Chutipat	Managing Director



Thailand Clearing House Co., Ltd.

Thailand Clearing House Co., Ltd. (TCH), a subsidiary of The Stock Exchange of Thailand (SET), was established in August 9, 2004 to clear and settle derivatives trades. On February 15, 2010, SET transferred the Securities Clearing and Settlement Unit from Thailand Securities Depository Co., Ltd. (TSD) to TCH. At present, TCH's service is being the center for clearing and settling of securities traded on SET, mai, BEX, TFEX, and bonds traded on the OTC markets. Thus, there is a clear separation of operations and management between TCH and TSD, reducing the cost of managing risk and placing collateral, thus bringing the Thai capital market's post-trade services to be more in line with international standards.

Operations

TCH's most important role is to be the center of clearing and settling financial products in the Thai capital market by being the central counterparty and guaranteeing the clearing and settlement of every transaction made on the markets mentioned above, thus reducing risks, building confidence among all market participants that the clearing and settlement system will operate as planned, and promote Thai capital market development in the long-term.

Registered capital and organizational management

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

Board of Directors

Name		Position
Charamporn	Jotikasthira	Chairman
Kesara	Manchusree	Member
Pakorn	Peetathawatchai	Member
Sakkarin	Ruamrangsri	Member
Udomwara	Dechsongjarus	Member
Chanisa	Chutipat	Managing Director



The Stock Exchange of Thailand takes care of environment

By choosing paper that manufacture from specific trees for produce paper.

All trees are planted by durable woods management and are friendly with environment, therefore, this could reduce usage of pulp by more than 50 percent and use soy ink in printing process to reduce volume of carbondioxide.

