



Thailand Futures Exchange

บริษัท ตลาดสัญญาซื้อขายล่วงหน้า
(ประเทศไทย) จำกัด (มหาชน)
รายงานประจำปี 2555

ดอลลาร์ล่วงหน้า
USD
FUTURES

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Company Information

Thailand Futures Exchange PCL (TFEX), a subsidiary of The Stock Exchange of Thailand (SET) was established in 2004 as a derivatives exchange under the Derivatives Act A.D. 2003. TFEX is regulated by the Securities and Exchange Commission (SEC) and is currently allowed to trade futures, options, and options on futures. TFEX began trading on April 28, 2006 and by law, the permitted underlying assets are:

- Equities: Index and Stocks
- Debt: Bonds and Interest rate
- Non-agriculture commodities and other financial indices: Gold, Silver, Crude Oil and foreign currency

Our mission is to be a world class exchange in trading and hedging of Thai derivative products. We have committed ourselves to provide an efficient infrastructure to the market participants, maintaining a fair and orderly transparent market and remaining customer oriented. Currently, these products are available for trading:

- SET50 Index Futures (2006)
- SET50 Index Options (2006)
- Single Stock Futures (First launch: 2008, Second launch: 2009, Third launch: 2011, Fourth launch: 2013)
- Gold Futures (50-Baht Gold Futures: 2009, 10-Baht Gold Futures 2010)
- Interest Rate Futures (2010)
- Silver Futures (2011)
- Brent Oil Futures (2011)
- **USD Futures (2012)**
- **Sector Futures (2012)**

In 2012, TFEX launches two additional products. Firstly, USD Futures was launch on June 5. This product is the first of its kind in Thailand that enable residents to trade currency futures without FX underlying. Secondly, the Sector Futures was launch on October 29. The Sector Index Futures initially cover five major sectors; Banking (BANK), Information & Communication Technology (ICT), Energy & Utilities (ENERG), Food and Beverage (FOOD), and Commerce (COMM).

Share Holdings

Thailand Futures Exchange has 10,000,000 total authorized numbers of ordinary shares with a par value of THB10 per share. The Stock Exchange of Thailand holds 99.99 percent of TFEX.

Auditor

Nattaporn Punudom
Certified Public Accountant (Thailand) No. 3430
PricewaterhouseCoopers ABAS Limited



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Corporate Milestones

April 28, 2006	Launch SET50 Index Futures as the first product
August 28, 2006	Started internet trading in SET50 Index Futures
September 28, 2006	Appointed 3 market makers for SET50 Index Futures
April 9, 2007	Sign the Memorandum of Understanding with Taiwan Futures Exchange (TAIFEX)
September 3, 2007	Allowed Direct Market Access (DMA) for convenience and easy execution
October 29, 2007	Launch SET50 Index Options as the second product
May 16, 2008	Sign the Memorandum of Understanding with Chicago Board Options Exchange (CBOE)
September 5, 2008	Sign the Memorandum of Understanding with The Options Industry Council (OIC)
November 24, 2008	Launch Single Stock Futures starting with 3 stocks (ADVANC, PTT, PTTEP)
November 26, 2008	TFEX received the no-action letter from the US Commodity Futures Trading Commission (CFTC)
February 2, 2009	Launch 50-Baht Gold Futures
March 2, 2009	Appointed market maker for gold futures for the first time and also accepted 4 Gold Related Agent
June 22, 2009	Launch additional Single Stock Futures (Batch II)
August 2, 2010	Launch 10-Baht Gold Futures
October 18, 2010	Launch 5Y Government Bond Futures
November 8, 2010	Allowed Block Trading Transaction
November 29, 2010	<ul style="list-style-type: none"> • Launch 3M BIBOR Futures and 6M THBFIX Futures • Thailand Clearing House (TCH) allowed foreign currency collateral. USD and EUR are currently accepted.
March 21, 2011	Launch additional Single Stock Futures (Batch III)
June 20, 2011	<ul style="list-style-type: none"> • Launch Silver Futures • Extended trading hours for Commodity Futures
September 26, 2011	TFEX trading volumes hit record high at 155,955 contracts.

October 17, 2011 Launch Brent Crude Oil Futures

June 5, 2012 Launch USD Futures

- October 29, 2012
- Launch Sector Futures
 - Made adjustment to SET50 Index Futures and SET50 Index Options contract specification

Statistics Highlights

	2006	2007	2008	2009	2010	2011	2012
Trading Volume (Contracts)	198,737	1,236,884	2,148,620	3,075,318	4,519,436	10,027,116	10,457,928
SET50 Index Futures	198,737	1,228,238	2,099,098	2,522,465	2,471,302	4,316,437	4,034,460
SET50 Index Options		8,646	45,684	95,504	107,317	107,993	54,057
Single Stock Futures			3,838	145,758	969,353	1,578,092	2,168,037
Interest Rate Futures					41	429	27
Gold Futures				311,591	971,423	3,989,278	3,642,605
<i>50 Baht</i>				<i>311,591</i>	<i>792,960</i>	<i>1,817,483</i>	<i>1,045,370</i>
<i>10 Baht</i>					<i>178,463</i>	<i>2,171,795</i>	<i>2,597,235</i>
Silver Futures						31,567	14,590
Oil Futures						3,320	147,823
USD Futures							396,138
Sector Futures							191
Average Daily Volume (Contracts)	1,204	5,219	8,837	12,771	18,676	41,145	43,823
SET50 Index Futures		5,013	8,498	10,381	10,212	17,690	16,467
SET50 Index Options		206	185	393	443	443	221
Single Stock Futures			154	600	4,006	6,468	8,849
Interest Rate Futures					1	2	0
Gold Futures				1,397	4,014	16,350	14,868
<i>50 Baht</i>				<i>1,397</i>	<i>3,277</i>	<i>7,449</i>	<i>4,267</i>
<i>10 Baht</i>					<i>1,716</i>	<i>8,901</i>	<i>10,601</i>
Silver						236	60
Oil Futures						64	603
USD Futures							2,751
Sector Futures							4

	2006	2007	2008	2009	2010	2011	2012
Open Interest (Contracts)	7,601	13,790	22,747	28,281	77,955	56,452	238,981
SET50 Index Futures		13,609	22,096	18,961	25,553	22,421	36,920
SET50 Index Options		181	473	302	797	955	1,569
Single Stock Futures			178	3,337	35,356	9,514	154,366
Interest Rate Futures					0	2	0
Gold Futures				5,681	16,249	23,322	33,129
<i>50 Baht</i>				<i>5,681</i>	<i>10,344</i>	<i>8,627</i>	<i>11,803</i>
<i>10 Baht</i>					<i>5,905</i>	<i>14,695</i>	<i>21,326</i>
Silver						229	183
Oil Futures						9	744
USD Futures							12,065
Sector Futures							5
Investor Breakdown (%)							
Local Institution	28%	25%	26%	28%	33%	34%	39%
Local Investors	53%	55%	57%	60%	57%	60%	53%
Foreign Investors	19%	20%	17%	11%	10%	6%	8%
Derivative Accounts	4,426	9,531	15,894	29,514	42,810	63,100	80,893
Local Institution	242	424	724	1,004	1,229	1,565	1,884
Local Investors	4,065	8,873	14,817	28,038	40,856	60,513	77,853
Foreign Investors	119	234	353	472	725	1,022	1,156
Members	23	25	36	41	41	41	41
Number of traders	1,812	2,355	3,794	4,347	4,584	5,367	5,576

Business Highlights 2012

Products and Services

In our commitment to remain customer oriented, TFEX launches two additional products in 2012. We introduce the *USD Futures* and the *Sector Futures* to allowed investors to gain exposure to the price movement of USD/THB and the sector index price movement. We have also made adjustments to contract specifications of the SET50 Index Futures and the SET50 Index Options.

USD Futures

USD Futures is a futures contract to exchange THB for USD at a specified date in the future at a price that is fixed on the purchase date. As the only financial futures exchange in Thailand, we want to provide investors with an alternative investment that will allow them to properly manage their portfolio. This instrument is particularly useful for importer/exporter that does not have access to forward contract at the bank because they don't meet the minimum requirement. With USD Futures, SMEs will have the necessary tools and be able to hedge their exchange rate risk.

The contract size of USD Futures is USD 1,000 and it is cash-settled. The contract month is three consecutive months plus one quarterly month (March, June, September and December). In Thailand, all activities regarding the movement of THB currency including USD Futures is closely monitored by the



Bank of Thailand (BOT). In order for USD Futures to be traded on TFEX, a special permission was granted by BOT and the Ministry of Finance to TFEX, Thailand Clearing House (TCH) and TFEX's member.

To ensure that USD Futures have sufficient liquidity in the beginning stage, market maker was appointed. Initially, BOT only allows financial institution such as bank to become market maker. However, this rule was later relaxed and TFEX's member could also become market maker for USD Futures. Furthermore, on October 29, we allow block trading transaction for USD Futures to further facilitate larger transactions.

Sector Index Futures

Sector Index Futures is a futures contract with Sector Index as an underlying asset. This is an addition to the equity index futures family. As we know that some sector index are seasonal and are negatively correlated. Investors can now take advantages of these movements using Sector Index Futures. During



the initial launch of Sector Index Futures on October 29 there are five sectors including: Banking (BANK), Technology (ICT), Energy (ENERG), Commerce (COMM) and Food and Beverage (FOOD). The multiplier for BANK and ICT is 1,000 and for ENERG, COMM and FOOD is 10. The contract month is four consecutive quarterly months.

Contract Specifications adjustment

SET50 Index Futures

SET50 Index Futures is the first product that was launch on TFEX. It is currently the most popular product currently trading on TFEX. Initially the contract month of SET50 Index Futures is four consecutive quarterly months. However, after closely monitoring the product for seven years since the product was launch in 2006, we have seen that most investors tend to close out their position during the near month. To accommodate this behavior, we have decided to make adjustments to the contract months of the SET50 Index Futures. On October 29, the contract month of the SET50 Index Futures was change to three consecutive months plus 3 quarterly months.

The adjustment to the contract specifications of the SET50 Index Futures is a change that will help investors adjust their portfolio for the short term volatility that is often seen in the Asia market. This adjustment is also in line with most of the other major Asian derivatives exchange. The near month contract is a perfect tool for investors to gain exposure to the short term price movement in the stock market.

SET50 Index Options

The SET50 Index Options is the first options contract introduced by TFEX. It was launch in 2007 as the second product after the SET50 Index Futures. In 2012, TFEX made 2 improvements to the contract specifications. Initially, the strike price series of the options is a 5-1-5 format: 5 In-the-money, 1

At-the-money and 5 Out-of-the-money. It was changed to a 2-1-2 format. Moreover, the strike price interval has also been changed from 10 points to 25 points. On any day, the strike price will still cover 50 points in both direction of the market.

The second adjustment was the contract month of the contracts. Initially the contract months of the contract started out the same way as the SET50 Index Futures. In 2012, it was change to 3 consecutive months plus 1 quarterly month.

Single Stock Futures

Single Stock Futures is the third products introduced by TFEX in 2008. In 2009 and 2010 TFEX added additional underlying stocks making the total single stock futures to 30. All of the single stock futures belong to the SET50 Index. However in 2012, the criteria for adding single stock futures was relaxed and the criteria has been changed to cover SET100 Index and must also have the average daily market capitalization during the past 3 months that is more than 10,000 million baht.

There are 2 major adjustments that were made to the contract specification of the single stock futures. The first adjustment was the position limit. Initially the position limit is fixed at a single level of 20,000 contracts for all single stock futures. The position limit is now individually calculated to better reflect the size of each stock by changing the position limit to a multi-level that is proportionate to its number of listed shares. The second adjustment was the improvement in the calculation method of the final settlement price. Initially the final settlement price is calculated using the average price of the underlying stock during the last 15 minutes. It is changed to a volume weighted average price of the underlying stock during the last 15 minutes. The new calculation method will help improve market efficiency and better protect against price manipulation.

◎ Membership restructuring

Upgrading Precious Metal Related Agent to Full License Membership

There are a total of 6 Precious Metal Related Agents who has upgraded to Full License Membership status in 2012. Precious Metal Related Agents are TFEX's member who can trade only gold futures and silver futures. By upgrading their status, these 6 members will now be able to trade all derivatives instrument offered by TFEX. This will help them grow and expand together with the derivative industry. Futhermore, investors who has already opened an account with these members will also be able to trade all instruments without having to open another account with another member.

The following members have upgraded to Full License Membership effective on the following date

- June 18, 2012 MTS Gold Futures Co.,Ltd. (MTSGF)
- June 25, 2012 Hua Seng Heng Gold Futures Co.,Ltd. (HGF), GT Wealth Management Co.,Ltd. (GTWM) and Ausiris Futures Co.,Ltd. (AFC)
- August 20, 2012 YLG Bullion and Futures Co.,Ltd. (YLG)

Classic Gold Futures Co.,Ltd. (CGF) will begin the preparation to upgrade to Full License Membership in the end of 2012 and will begin operating as a Full License Membership on March 13th, 2013. For the year ended 2012, there are a total of 40 members with Full License Membership and 1 member who is still Precious Metal Related Agent. Futhermore, there are 27 gold futures selling agents.

New Trading Member

A new type of membership called Trading Members was created in 2012 to allow professional institutions to apply and become liquidity provider. Using their expertise, Trading Members can provide liquidity for the contract as a role of market maker with the expertise on either Futures trading or underlying business. Trading Members can trade derivatives contracts on TFEX for their proprietary account only.

◎ **Marketing Campaign**

Throughout 2012, TFEX has hosted many events focusing on educating and promoting futures and options in Thailand. Our mission is to create a positive awareness and teaches investors to be able to fully utilize and gain maximum benefit from derivatives instrument.

Education and Marketing

The USD Futures was launch in 2012 and it is considered the first of its kind in Thailand. Eventhough USD Futures is a very promising instrument, it is not that simple and investors still needs to be educated about the characteristics of the exchange rates. There are many fundamental factors that drive the exchange rate including both domestic and international. TFEX have collaborated with many institutions such as The Federation of Thai Industry, Department of International Trade Promotion, Export-Import companies, SME banks, EXIM banks and Bank of Thailand (BOT) to work together at promoting and educating about USD Futures. Futhermore, we have also teamed up with ASCO Training Institute (ATI) to create a course outline aiming at training marketing and all related personnel of TFEX's member. Throughout the year, we have hosted many seminars targeting various groups of people such as individual investors, business owner, institutional investors and prop-trader.



▶ **Individual Investors**

- We have host various seminar together with our members and the press to promote our products and teach investors about trading strategy 47 times and the total number of participants are around 11,300 people.
- Together with our SET Group, we held many events such as having a booth display both in Bangkok and other major cities. The events that we held are the following:
 - SET in The City 2012: 130,000 participants.
 - SET on tour (SET “san jom”) twice at Phuket and Udornthani: 2,500 participants.

- Money Expo 2012 4 times (Bangkok, Nakhonratchasima, Chiangmai and Songkla): 51,000 participants.
 - TFEX Commodity Day, which is an event host by TFEX focusing on commodity futures such as Oil Futures, Gold Futures and Silver Futures. There are also trading strategy and technical analysis class taught by market professional. Total participants: 1,500.
- We created brochure and pamphlet and also various publications and article in newspaper.
 - A short and easy to understand animation clip available both online and on air on our own Money Channel television show.
 - Write monthly article and distributed through various channel such as news paper, internet and television.
 - Constantly updating TFEX's website to show the most up-to-date contents.
 - Daily distribution of market data through all channels such as news paper, various website, magazines and television.

▶ **Real Sectors**

- Together with The Federation of Thai Industry, Department of International Trade Promotion, SME banks, Export-Import bank (EXIM), Bank of Thailand (BOT), and PTT Co.,Ltd., we have host a total of 6 seminars totaling 1,350 participants.

▶ **Institutional Investors**

- TFEX visits asset management company and insurance company to encourage and educate their portfolio managers to use derivatives products. We hosted 2 seminars totaling 500 participants.

▶ **Marketing personnel and Prop-Trader**

- TFEX and ASCO Trading Institute (ATI) host 8 seminars aiming at Proprietary Trader. There were a total of 970 participants.

Foreign Investors

In 2012, TFEX have attended many events world wide in order to increase awareness of our company and to increase foreign participants. Foreign investors are a vital component of the derivative market in Thailand. Not only TFEX have attended many world derivative conferences, we have also visited our client directly to strengthen our relationship and cooperation. The following are some of the events that TFEX have attended in 2012.

- ▶ TFEX have joined the World Exchange Congress 2012 in Istanbul, Turkey, on March 20 – 22 and the FIA Futures & Options Expo 2012 in Chicago, USA, on October 31 – November 2. Both events are the world's leading conferences for global trading venue executives.

- ▶ TFEF attended the FIA Asia Derivatives Conference Singapore 2012 on November 27 – 29. The FIA Asia Derivatives Conference is unique to similar events because of its high-quality delegates, program, and exhibitors. Five-hundred and fifty senior delegates from 22 countries and more than 150 firms attend this annual event. TFEF's booth has been very popular during the event as both foreign brokers and many ISVs are showing very strong interest in connecting with TFEF in the future. Moreover, there are seminars that many professional can participate, exchange ideas, comment and gain insight on the directions of the derivatives industry for the year 2013.
- ▶ TFEF have visited many clients world wide including the Middle East, North America and Asia to promote TFEF and its current products. The visit is an information session that usually takes our client through what TFEF has to offers such as services, connectivity and products. Not only we visit new clients, we also visit our existing client and listen to any suggestions or difficulty that our client may currently be experiencing. These visits are part of our ongoing plan to keep a strong relationship with our foreign partners and to increase foreign participants.
- ▶ Furthermore, TFEF also has a monthly E-newsletter that are sent out to all of our foreign partners. The content of the newsletter ranges from news, promotions and any market highlights of TFEF.

Marketing Campaign and Promotion

To boost investor activities and promote futures and options, TFEF launches a campaign under the name "Golden Dragon Promotion" where more than 120 Baht of gold totaling more than 3 million baht of prizes during the campaign. The campaign lasted 9 months from January to September. The campaign is further split into 3 quarters. Each quarter there are two prizes; 20 baht-gold is given to investors who trade the most, the second prize is 1 baht-gold and is given to 20 investors. Each investor who trades a certain amount will receive 1 point which allows them to enter into a draw. The more they trade, the more point they will receive which will give them a better chance at winning the second prize. We have join hands with our member and create a double bonus for our investors. Those investors who won the second prize and are from the following brokers will receive additional gold from their brokers. The brokers participating in our campaign are DBS Vickers Securities (DBSV), Krungsri Securities (KSS), Maybank Kim Eng Securities (MBKET) and YLG Bullion & Futures (YLG).



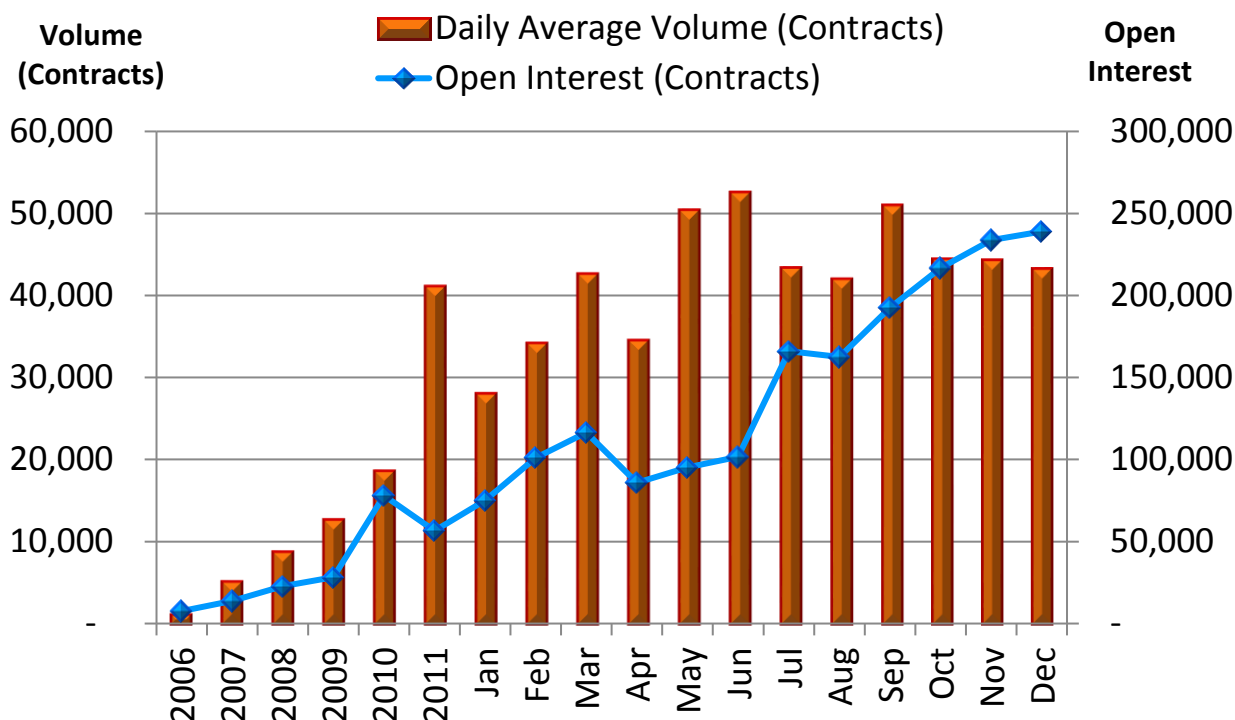
We have also launched a promotion period for our SET50 Index Futures which is our major products. An exchange fee discount was given to members in a volume base/volume growth base during April to September.

As for our new products, the USD Futures and the Sector Index Futures, a 50% discount in exchange fee is given during the first 6 months of the products launched date. Furthermore, we have also launch a campaign focusing on boosting the trading activities of USD Future under the name "Trade USD Futures and receive The New iPad". These promotions were highly successful.

Not only we have launched various campaigns for our investors, we have also created a competition among proprietary trader under the name "TFEX Prop-trading Champion". This program was created to boost the activity and promote proprietary trading.

Summary of trading activities in 2012

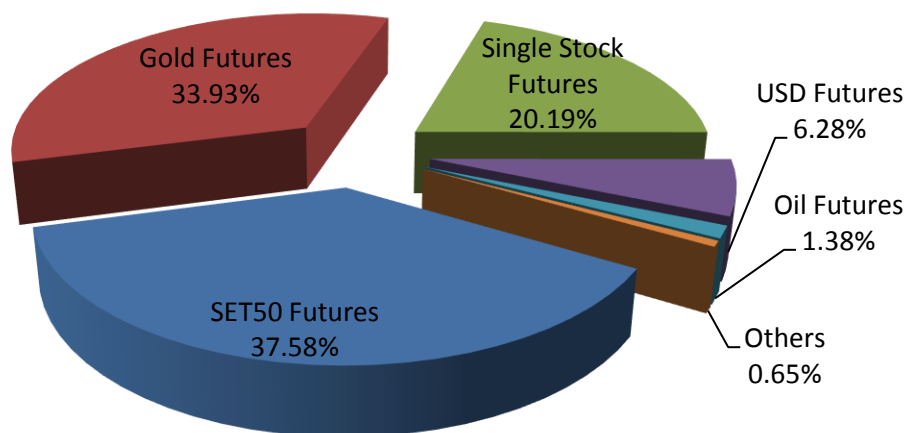
Daily Average Volume and Open Interest



The total trading volume in 2012 was 10,457,928 contracts or an average daily volume of 43,823 contracts. The volume increase by 6.5% from 2011 where the average daily volume was 41,145 contracts. The main reason for the growth rate in 2012 was the increase popularity in Single Stock Futures: the average daily volume of SSF in 2012 was 8,849 contracts which were 37% higher than in 2011. The open interest at the end of 2012 was at 238,981 contracts and increase of more than 323%.

The total number of derivatives account in 2012 was at 80,893 accounts, an increase of 18,010 accounts, or 29% from 2011.

Products breakdown in 2012

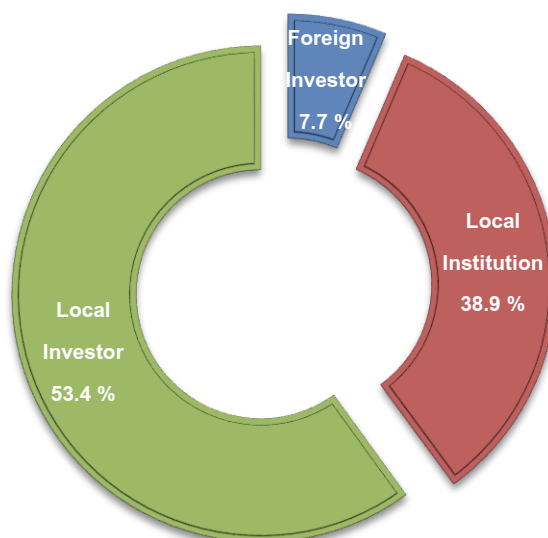


SET50 Index Futures is the most popular product with over 37.58% market share. The average daily volume is 16,467 contracts, a decrease of about 7% from the previous year. The second most popular product is gold futures with 33.93% market share and an average daily volume of 14,868 contracts. Single stock futures is the third most popular product with 20.19% market share and an average daily volume of

8,849 contract, an increase of more than 37% from last year. USD Futures has 6.28% market share with average daily volume of 2,751 contracts. SET50 Index Options, Silver Futures and Sector Futures still has low volume and has an average daily volume of 221, 60 and 4 contracts respectively.

Investor Breakdown 2012

Investor profile in 2012 still holds the same characteristics as the previous year. Local investors accounts for 53.4% of the overall trading volume. Local institutions account for 38.9% and foreign investors accounts for 7.7%



When we look at the trading channel in 2012 we found that 62.7% comes through marketing personnel and 32% comes from internet trading and 5.3% comes from Direct Market Access (DMA). Looking deeper and focusing on only local investors, internet trading accounts for 59.7% which is much higher than in 2011 where it was only 38.45%. This increase in number shows that investors are now more confident in placing their own orders and relying less on marketing personnel. Much of this is because many trading programs that are offered by broker have been improving in both speed of execution and an easy to understand user interface.

Broker Rank in 2012

Rank	Broker	Broker Name	2012 (%)	2011 (%)	Change (%)
1	GBS	Globlex Securities Company Limited	9.94	11.28	-1.34
2	MBKET	Maybank Kim Eng Securities (Thailand) Co.,Ltd.	6.83	7.40	-0.57
3	PHATR	Phatra Securities Public Company Limited	6.79	3.38	3.41
4	PST	Phillip Securities (Thailand) Public Company Limited	6.34	8.44	-2.10
5	KGI	KGI Securities (Thailand) Public Company Limited	5.97	5.42	0.55
6	KTZ	KT ZMICO Securities Company Limited	5.76	3.68	2.08
7	MTSGF	MTS Gold Futures Co.,Ltd.	4.56	5.67	-1.11
8	FSS	Finansia Syrus Securities Public Company Limited	4.21	4.28	-0.07
9	TNITY	Trinity Securities Company Limited	4.18	5.15	-0.97
10	YLG	YLG Bullion & Futures Co.,Ltd.	3.66	2.77	0.89
11	CGF*	Classic Gold Futures Co. Ltd.	3.65	1.17	2.48
12	BLS	Bualuang Securities Public Company Limited	3.52	3.61	-0.09
13	GTWM	GT Wealth Management Co.,Ltd.	3.20	4.26	-1.06
14	CGS	Country Group Securities Public Company Limited	3.14	4.16	-1.02
15	KS	Kasikorn Securities Public Company Limited	2.61	1.78	0.83
16	ASP	Asia Plus Securities Public Company Limited	2.56	3.23	-0.67
17	CIMBS	CIMB Securities (Thailand) Company Limited	2.55	0.69	1.86
18	TNS	Thanachart Securities Public Company Limited	2.39	2.52	-0.13
19	JPM	JPMorgan Securities (Thailand) Limited	2.29	1.45	0.84
20	AFC	Ausiris Futures Co.,Ltd.	2.28	4.07	-1.79
21	UOBKH	UOB Kayhian Securities (Thailand) Public Company Limited	1.89	2.61	-0.72
22	KKS	Kiatnakin Securities Company Limited	1.51	1.41	0.10
23	CNS	Capital Nomura Securities Public Company Limited	1.50	1.41	0.09
24	SCBS	SCB Securities Company Limited	1.46	1.29	0.17
25	HGF	Hua Seng Heng Gold Futures Co.,Ltd.	1.44	2.52	-1.08
26	CS	Credit Suisse Securities (Thailand) Limited	1.09	0.96	0.13
27	KSS	Krungsri Securities Public Company Limited	0.68	0.71	-0.03
28	DBSV	DBS Vickers Securities (Thailand) Company Limited	0.63	0.80	-0.17
29	TSC	TISCO Securities Company Limited	0.56	0.59	-0.03
30	KTBST	KTB Securities (Thailand) Company Limited	0.52	0.47	0.05
31	AIRA	Aira Securities Public Company Limited	0.49	0.30	0.19
32	OSK	OSK Securities (Thailand) Public Company Limited	0.47	0.20	0.27
33	UBS	UBS Securities (Thailand) Limited	0.40	0.54	-0.14

Rank	Broker	Broker Name	2012 (%)	2011 (%)	Change (%)
34	CIMBI	CIMB Securities International (Thailand) Co.,Ltd.	0.35	0.53	-0.18
35	UOBFT	UOB Bullion and Futures (Thai) Limited	0.30	0.52	-0.22
36	CLSAT	CLSA Securities (Thailand) Limited	0.24	0.41	-0.17
37	IVG	I V Global Securities Public Company Limited	0.01	0.01	0.00
38	FSL	Finansa Securities Limited	-	-	-
39	US	United Securities Public Company Limited	-	0.30	-
40	MPSEC	Merchant Partners Securities Public Company Limited	-	-	-
41	ACLS	ACL Securities Co., Ltd.	-	-	-

* Precious Metal Related Agent

Remark

1. Transferred Membership Rights

- KSS** KSS Ayudhya Derivatives Co., Ltd. (AYD) has transferred of membership rights to Ayudhya Securities Public Co., Ltd. (AYS) and has changed its name to Krungsri Securities Public Company Limited (KSS) effective from November 28, 2011 onwards.
- KTZ** KTZ Seamico Securities Public Co., Ltd. (ZMICO) has transferred of membership rights to KT ZMICO Securities Co., Ltd. (KTZ) effective from May 1, 2009 onwards.
- TNITY** TNITY Trinity Polaris Futures Co., Ltd. (TIPOLE) has transferred of membership rights to Trinity Securities Co., Ltd. (TNITY) effective from December 1, 2008 onwards.

2. Name Changed

- AFC** T.C. Ausiris Futures Co., Ltd. (TCAF) has changed its name to Ausiris Futures Co., Ltd. (AFC) effective from April 26, 2010 onwards.
- CGS** Adkinson Securities Public Co. Ltd. (ASL) has changed its name to Country Group Securities Co., Ltd. (CGS) effective from June 1, 2009 onwards.
- CIMBI** SICCO Securities Public Co. Ltd. (SSEC) has changed its name to CIMB Securities International (Thailand) Public Co., Ltd. (CIMBI) effective from May 28, 2012 onwards.
- CIMBS** BT Securities Co.,Ltd. (BTSEC) has changed its name to CIMB Securities (Thailand) Co., Ltd. (CIMBS) effective from October 1, 2009 onwards.
- FSS** Syrus Securities Public Co., Ltd. (SYRUS) has changed its name to Finansia Syrus Securities Public Co., Ltd. (FSS) effective from July 8, 2009 onwards.
- KSS** Ayudhya Derivatives Co., Ltd. (AYD) has transferred of membership rights to Ayudhya Securities Public Co., Ltd. (AYS) and has changed its name to Krungsri Securities Public Company Limited (KSS) effective from November 28, 2011 onwards.

2. Name Changed (continued)

- KTBST Far East Securities Company Limited (FES) has changed its name to KTB SECURITIES (THAILAND) CO., LTD (KTBST) effective from October 31, 2011 onwards.
- MBKET Kim Eng Securities (Thailand) Public Company Limited (KEST) has changed its name to Maybank Kim Eng Securities (Thailand) Public Company Limited (MBKET) effective from November 28, 2011 onwards.
- OSK BFIT Securities Public Company Limited (BSEC) has changed its name to OSK Securities (Thailand) Public Company Limited (OSK) effective from September 19, 2011 onwards.

3. Dormant Membership

- ACLS ACL Securities Co., Ltd. (ACLS) has temporarily suspended the operation effective from June 1, 2011 onwards.
- CIMBI CIMB Securities International (Thailand) Public Co., Ltd. (CIMBI) has temporarily suspended the operation effective from December 1, 2012 onwards.
- FSL Finansa Securities Ltd. (FSL) has temporarily suspended the operation effective from July 4, 2009 onwards.
- MPSEC Merchant Partners Securities Public Company Limited (MPSEC) has temporarily suspended the operation effective from February 15, 2010 onwards.
- US United Securities Public Company Limited (US) has temporarily suspended the operation effective from October 25, 2011 onwards.

4. Precious Metal Related Agents who have upgraded to be Full License Member

- AFC Ausiris Futures Co., Ltd.(AFC) was upgraded to become a Full License Member effective from June 25, 2012 onwards.
- GTWM, GT Wealth Management Co.,Ltd., Hua Seng Heng Gold Futures Co.,Ltd. and MTS Gold HGF, Futures Co.,Ltd. were upgraded to become Full License Members effective from June 18, 2012 onwards.
- MTSGF
- YLG YLG Bullion & Futures Co.,Ltd. was upgraded to become a Full License Member effective from August 20, 2012 onwards.

▶ AUDITOR'S REPORT

To the Shareholders of Thailand Futures Exchange Public Company Limited

I have audited the accompanying financial statements of Thailand Futures Exchange Public Company Limited, which comprise the statement of financial position as at 31 December 2012, and the statements of comprehensive income, changes in shareholders' equity 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 financial statements referred to above present fairly, in all material respects, the financial position of Thailand Futures Exchange Public Company Limited as at 31 December 2012, and its results of operations and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



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

20 February 2013

Thailand Futures Exchange Public Company Limited
Statements of Financial Position
As at 31 December 2012 and 2011

	<u>Notes</u>	<u>2012 Baht'000</u>	<u>2011 Baht'000</u>
Assets			
Current assets			
Cash and cash equivalents	7	7,835	11,895
Short-term investments, net	8	5,000	97,660
Accounts receivable and accrued income, net	9	66,643	37,210
Accrued interest receivable		281	654
Short-term loans to the parent entity	6	180,000	200,000
Other current assets	10	6,984	151
Total current assets		<u>266,743</u>	<u>347,570</u>
Non-current assets			
Long-term investments, net	11	-	5,000
Equipment, net	12	61	234
Intangible assets, net	13	91	124
Total non-current assets		<u>152</u>	<u>5,358</u>
Total assets		<u><u>266,895</u></u>	<u><u>352,928</u></u>

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

Statements of Financial Position (cont.)

As at 31 December 2012 and 2011

	2012 Baht'000	2011 Baht'000
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued expenses	39,755	85,762
Unearned revenues	60,591	53,608
VAT payable	9	377
Withholding tax payable	5	5
Income tax payable	-	9,129
Other current liabilities	165	127
Total current liabilities	<u>100,525</u>	<u>149,008</u>
Total liabilities	<u>100,525</u>	<u>149,008</u>
Shareholders' equity		
Share capital		
Authorised share capital		
10,000,000 ordinary shares, at par value of Baht 10 each	<u>100,000</u>	<u>100,000</u>
Issued and fully paid-up share capital		
10,000,000 ordinary shares, fully paid-up of Baht 10 each	100,000	100,000
Retained earnings		
Appropriated		
Legal reserve (Note 14)	8,702	7,220
Unappropriated	57,668	96,700
Total shareholders' equity	<u>166,370</u>	<u>203,920</u>
Total liabilities and shareholders' equity	<u>266,895</u>	<u>352,928</u>

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

Thailand Futures Exchange Public Company Limited
Statements of Comprehensive Income
For the years ended 31 December 2012 and 2011

	<u>Notes</u>	<u>2012</u> <u>Baht'000</u>	<u>2011</u> <u>Baht'000</u>
Revenues			
Trading fees		320,822	414,964
Membership fess		62,016	69,419
Information service fees		11,707	11,775
Interest income		6,086	5,621
Other income		2,357	1,694
Total revenues		<u>402,988</u>	<u>503,473</u>
Expenses			
Administrative expenses	15	364,032	401,808
Directors' remuneration		650	650
Total expenses		<u>364,682</u>	<u>402,458</u>
Profit before income tax		38,306	101,015
Income tax		(8,856)	(30,316)
Profit for the years		<u>29,450</u>	<u>70,699</u>
Other comprehensive income		-	-
Total comprehensive income for the years		<u><u>29,450</u></u>	<u><u>70,699</u></u>
Basic earnings per share			
Profit for the years (Baht)	16	<u><u>2.95</u></u>	<u><u>7.07</u></u>

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

Thailand Futures Exchange Public Company Limited
Statements of Changes in Shareholders' Equity
For the years ended 31 December 2012 and 2011

	Notes	Issued and fully paid-up share capital Baht'000	Legal reserve Baht'000	Retained earnings - unappropriated Baht'000	Total Baht'000
Opening balance as at 1 January 2011		100,000	3,683	49,538	153,221
Total comprehensive income for the year		-	-	70,699	70,699
Legal reserve	14	-	3,537	(3,537)	-
Dividend paid	17	-	-	(20,000)	(20,000)
Closing balance as at 31 December 2011		<u>100,000</u>	<u>7,220</u>	<u>96,700</u>	<u>203,920</u>
Opening balance as at 1 January 2012		100,000	7,220	96,700	203,920
Total comprehensive income for the year		-	-	29,450	29,450
Legal reserve	14	-	1,482	(1,482)	-
Dividend paid	17	-	-	(67,000)	(67,000)
Closing balance as at 31 December 2012		<u>100,000</u>	<u>8,702</u>	<u>57,668</u>	<u>166,370</u>

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

Thailand Futures Exchange Public Company Limited
Statements of Cash Flows
For the years ended 31 December 2012 and 2011

	Notes	2012 Baht'000	2011 Baht'000
Cash flows from operating activities			
Profit before income tax		38,306	101,015
Adjustments for:			
Depreciation	12	72	92
Amortisation	13	33	36
Interest income		(6,086)	(5,621)
Allowance for doubtful accounts	9	110	-
Operating profit before changes in operating assets and liabilities		32,435	95,522
(Increase) decrease in operating assets			
Accounts receivable and accrued income		(29,543)	(11,047)
Other current assets		(6,833)	1,928
Increase (decrease) in operating liabilities			
Accounts payable and accrued expenses		(46,007)	51,712
Unearned revenues		6,983	(35,192)
VAT payable		(368)	342
Withholding tax payable		-	(151)
Other current liabilities		38	(1)
Cash flows (used in) generated from operating activities		(43,295)	103,113
Income tax paid		(17,985)	(22,373)
Net cash (used in) generated from by operating activities		(61,280)	80,740

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

Thailand Futures Exchange Public Company Limited

Statements of Cash Flows (cont.)

For the years ended 31 December 2012 and 2011

	Notes	2012 Baht'000	2011 Baht'000
Cash flows from investing activities			
Interest income received		6,459	5,077
Purchases of short-term investments	8	(70,390)	(142,501)
Sales of short-term investments	8	168,050	80,109
Proceeds from disposals of equipment	12	101	-
Proceeds from short-term loans to the parent entity	6	20,000	-
Net cash generated from (used in) investing activities		<u>124,220</u>	<u>(57,315)</u>
Cash flows from financing activities			
Dividend paid	17	(67,000)	(20,000)
Net cash used in financing activities		<u>(67,000)</u>	<u>(20,000)</u>
Net (decrease) increase in cash and cash equivalents		(4,060)	3,425
Cash and cash equivalents at the beginning of the years		<u>11,895</u>	<u>8,470</u>
Cash and cash equivalents at the end of the years		<u><u>7,835</u></u>	<u><u>11,895</u></u>
Supplemental disclosures of cash flows information			
Significant non-cash transactions			
Reclassify investments from long-term to short-term	8, 11	5,000	8,268

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

1 General information

Thailand Futures Exchange Public Company Limited, “the Company”, is incorporated in Thailand on 17 May 2004. The Company is a wholly-owned subsidiary of The Stock Exchange of Thailand (“the Parent”).

The principal businesses of the Company are the center and advisor on the trading of future contracts and financial securities including providing other services related to futures trading transactions.

The address of its registered office is as follows : 62 The Stock Exchange of Thailand Building, Ratchadapisek Road, Kwaeng Klongtoey, Khet Klongtoey, Bangkok 10110, Thailand.

These financial statements were authorised for issue by the management on 20 February 2013.

2 Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

2.1 Basis of preparation

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

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

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

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

2 Accounting policies (cont.)

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

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

Effective for the periods beginning on or after 1 January 2013

TAS 12	Income taxes
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates
TFRS 8	Operating Segments
TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its shareholders

Effective for the periods beginning on or after 1 January 2014

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

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

- TAS 12 deals only with taxes on income, comprising current and deferred tax. Current tax expense for a period is based on the taxable and deductible amounts that will be shown on the tax return for the current year. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax accounting is based on the temporary differences between the tax base of an asset or liability and its carrying amount in the financial statements.

2 Accounting policies (cont.)

2.3 Foreign currencies

Items included in the financial statements of the Company are measured using Thai Baht. The financial statements are presented in Thai Baht.

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated to Thai Baht at the exchange rate prevailing at the statement of financial position date. Gains and losses resulting from the settlement of foreign currency transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the statements of comprehensive income.

2.4 Cash and cash equivalents

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

2.5 Investments

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.

Investments with fixed maturity are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

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

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

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 Company's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

2 Accounting policies (cont.)

2.6 Accounts receivable and accrued income

Accounts receivable represent amounts due from securities companies and other companies. Accrued income represents service income and unbilled fee. Accounts receivable and accrued income are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year-end.

The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments, assessment of future cash flows, known and identified instances of default and consideration of market trends. Bad debts are written off during the year in which they are identified and recognised as administrative expenses in the statements of comprehensive income.

2.7 Equipment

Equipment is stated at historical cost less accumulated depreciation and impairment losses. Depreciation is calculated on the straight-line basis to write off the cost of each asset to its residual value over its estimated useful life as follows:

Furniture and fixtures	5 - 20 years
Office equipment	5 - 10 years
Computer equipment	5 - 10 years

Management determines the estimated useful lives and residual values for the Company's 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.

Repairs and maintenance expenses are charged to statements of comprehensive income 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 Company. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are included in the statements of comprehensive income.

2 Accounting policies (cont.)

2.8 Intangible assets

Intangible assets that are acquired by the Company, which have finite useful lives, computer software, are stated at cost less accumulated amortisation and impairment losses. Intangible assets are amortised in the statements of comprehensive income on a straight-line basis over its 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 expense in the statements of comprehensive income as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Company and have probable economic benefit exceeding the cost beyond 1 year are recognised as intangible assets.

Direct cost includes 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 their original specifications is recognised as intangible asset.

Management determines the estimated useful lives for the Company's 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.

2.9 Impairment

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

2.10 Accounts payable and accrued expenses

Accounts payable and accrued expenses are stated at cost.

2 Accounting policies (cont.)

2.11 Provisions

Provisions are recognised when the Company 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 Company 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 Company becomes legally or constructively committed to payment. Costs relating to the ongoing activities are not classified as provisions.

2.12 Revenues

Revenues exclude value added taxes.

Trading fees and Information service fees are recognised upon performance of services.

Membership fees comprise initial and annual fees. The initial fees are recognised as revenue on a straight-line basis over a period of 5 years starting from the first day on which the service is rendered. Annual fees are recognised as revenues 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 Company.

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

2.13 Expenses

Expenses are charged to the statements of comprehensive income for the year in which they are incurred.

2.14 Directors' remuneration

Directors' remuneration comprises the benefits paid to the Board of Directors (excluding salaries, bonus and related benefits payable to management).

2 Accounting policies (cont.)

2.15 Dividend distribution

Dividends paid are recorded in the Company's financial statements in the year in which they are approved by the Company's shareholders.

2.16 Income tax

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

3 Financial risk management

Financial risk factors

The Company'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 Company's financial risk management programme focuses on investment management under investment policies and strategic asset allocation which is approved by the Company's Board of Directors. 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. In addition, the Company's Board of Directors approves to transfer remaining cash from the Company's operation to be managed by the parent, in order to maximize investment efficiency and overall returns.

3.1 Foreign exchange risk

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

3.2 Interest rate risk

Interest rate risk arises from fluctuations in market interest rates which may affect the Company's operating results and cash flow. The Company has no significant interest rate risk, as interest rate on loan given out is fixed. The market interest rate at the time of transaction and trend of the interest rate in the following year will be considered when the borrowing transaction is initiated. The Company doesn't have interest rate derivative in order to manage fluctuation of the interest rate.

3.3 Credit risk

The Company has specific concentration of credit risk as it principally considers approving credits to entities in the Stock Exchange of Thailand group. The Company lent out short-term loans to the parent, who has high credit quality and good reputation.

3.4 Liquidity risk

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

3.5 Risk from investments and deposits

The Company is exposed to market risks as the investor of financial instruments, and credit risk from the issuer of financial instruments. The Company, 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 Company's Board of Directors.

The investment policy framework for the types and proportions of investments are as follows:

Type of investment	Proportion of investment
Government securities, debentures or bonds of state enterprise or entities incorporated by specific laws and guaranteed by the Ministry of Finance	Unlimited amount
Fixed deposits or NCD at commercial banks and promissory notes of finance companies or	Not to exceed 15% of total investment per financial

Type of investment	Proportion of investment
financial institutions incorporated by specific laws	institution
Debentures or warrants of debentures (excluding convertible debentures) and bills of exchange	Not to exceed 10% of total investment per issuer and not to exceed 5% of total investment per a size issued
Investment units or warrants of investment units in mutual funds invested in debt securities	Not to exceed 10% of total investment per mutual fund and not to exceed 20% of total investment per asset management company

4 Critical accounting estimates, assumptions and judgements

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

5 Capital risk management

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

6 Related party transactions

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

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

Relationships with related parties that control or jointly control the Company or are being controlled or jointly-controlled by the Company or have transactions with the Company were as follows:

Name of entity	Country of incorporation	Nature of relationships
The Stock Exchange of Thailand	Thailand	Parent entity, 99.99% shareholding, all directors are representatives of the parent

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

Transaction	Pricing policy
Interest income	With reference to the deposit rate of financial institutions
Fee and service expenses	Cost plus margin

6 Related party transactions (cont.)

Transactions with related parties for the years ended 31 December 2012 and 2011 and balances as at 31 December 2012 and 2011 were as follows:

6.1 Interest income

		2012	2011
Nature of relationships		Baht'000	Baht'000
Interest income	Parent entity	<u>4,499</u>	<u>4,000</u>

6.2 Fee and service expenses

		2012	2011
Nature of relationships		Baht'000	Baht'000
Fee and service expenses	Parent entity	<u>359,007</u>	<u>398,700</u>

6.3 Short-term loans to the parent entity

		Interest rate		2012	2011
		2012	2011	2012	2011
		% per annum	% per annum	Baht'000	Baht'000
Short-term loans to the parent entity		2.50	2.00	<u>180,000</u>	<u>200,000</u>

The parent has a policy of centralising the investments and managed by the parent in order to maximise its efficiency and overall returns. The parent will borrow from its subsidiaries in a form of promissory note which has no longer than 1 year of maturity and bear interest at the rate for deposit set by the financial institutions. Interest rate may be revised as appropriate.

Movements of short-term loans to the parent entity for the years ended 31 December 2012 and 2011 were as follows:

	2012 Baht'000	2011 Baht'000
	<u> </u>	<u> </u>
Opening balance	200,000	200,000
Repayment	(20,000)	-
	<u> </u>	<u> </u>
Closing balance	180,000	200,000

6 Related party transactions (cont.)

Transactions with related parties for the years ended 31 December 2012 and 2011 and balances as at 31 December 2012 and 2011 were as follows: (cont.)

6.4 Outstanding balance arising from purchases of service

Nature of relationships		2012	2011
		Baht'000	Baht'000
Accrued expenses	Parent entity	38,109	85,561

6.5 Sales of the fixed assets

During 2012, the Company sold fixed assets to the parent at net book value on transaction date, amounting to Baht 0.10 million. The total balance was paid by the parent.

7 Cash and cash equivalents

	2012	2011
	Baht'000	Baht'000
Cash on hand	3	3
Savings and current accounts	7,832	11,892
	7,835	11,895

For the year ended 31 December 2012, savings accounts carried interest at rates ranging from 0.625% - 2.40% per annum (2011: from 0.50% - 1.65% per annum).

8 Short-term investments, net

	2012	2011
	Baht'000	Baht'000
	<u> </u>	<u> </u>
Held-to-maturity debt securities		
Savings accounts	-	5,000
Fixed deposit accounts	-	45,293
Bills of exchange	-	47,367
Debentures	5,000	-
	<u> </u>	<u> </u>
	5,000	97,660
	<u> </u>	<u> </u>

For the year ended 31 December 2012, there was no outstanding balance of savings accounts at banks (2011: interest rates of 0.50% per annum).

As at 31 December 2012, there was no outstanding balance of fixed deposit at banks that had maturities within 3 to 12 months (2011: from 2.60% - 3.70% per annum).

8 Short-term investments, net (cont.)

As at 31 December 2012, debentures were long-term investments that were matured within one year (Note 11).

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

	2012 Baht'000	2011 Baht'000
Opening balance	97,660	27,000
Purchases	70,390	142,501
Disposals	(168,050)	(80,109)
Reclassification from long-term investments	5,000	8,268
Closing balance	5,000	97,660

9 Accounts receivable and accrued income, net

	2012 Baht'000	2011 Baht'000
Accounts receivable	259	443
<u>Less</u> Allowance for doubtful accounts	(110)	-
Accounts receivable, net	149	443
Accrued income	66,494	36,767
	66,643	37,210

Aging analyses for accounts receivable are as follows:

	2012	2011
	Baht'000	Baht'000
	<u> </u>	<u> </u>
Other parties		
Within credit terms	6	443
Overdue:		
Less than 3 months	115	-
3 - 6 months	59	-
6 - 12 months	79	-
	<u> </u>	<u> </u>
	259	443
	<u> </u>	<u> </u>

Generally, the normal credit term granted by the Company ranges from 1 day to 15 days.

10 Other current assets

	2012	2011
	Baht'000	Baht'000
Prepaid expenses	147	147
Pending input tax	-	4
VAT receivable	2,662	-
Withholding tax receivable	4,175	-
	6,984	151

11 Long-term investments, net

	2012	2011
	Baht'000	Baht'000
Held-to-maturity debt securities		
Debentures	-	5,000
	-	5,000

As at 31 December 2012, debentures with maturity dates of five years have coupon rate of 4.00% per annum for the first two years and coupon rate of 4.90% per annum for the third year to the fifth year from the issuance date, and market yield of 3.04% per annum (2011: 3.45% per annum). Interest payments are four times a year. The aggregate market value as at 31 December 2012 was Baht 5.03 million (2011: 5.10 million).

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

	2012	2011
	Baht'000	Baht'000
Opening balance	5,000	13,268
Reclassification to short-term investments (Note 8)	(5,000)	(8,268)
Closing balance	-	5,000

As at 31 December 2012 and 2011 held-to-maturity debt securities classified by maturity were as follows:

	Due		
	Within		Total
	1 year	1 to 5 years	
	Baht'000	Baht'000	Baht'000
31 December 2012			
Held-to-maturity debt securities			
Debentures	5,000	-	5,000
	<u>5,000</u>	<u>-</u>	<u>5,000</u>
31 December 2011			
Held-to-maturity debt securities			
Savings accounts	5,000	-	5,000
Fixed deposit accounts	45,293	-	45,293
Bills of exchange	47,367	-	47,367
Debentures	-	5,000	5,000
	<u>97,660</u>	<u>5,000</u>	<u>102,660</u>

12 Equipment, net

	Furniture, fixtures and equipment Baht'000	Computer equipment Baht'000	Total Baht'000
As at 1 January 2011			
Cost	629	695	1,324
<u>Less</u> Accumulated depreciation	(500)	(498)	(998)
Net book amount	<u>129</u>	<u>197</u>	<u>326</u>
For the year ended 31 December 2011			
Opening net book amount	129	197	326
Depreciation charge	(34)	(58)	(92)
Net book amount	<u>95</u>	<u>139</u>	<u>234</u>
As at 31 December 2011			
Cost	629	695	1,324
<u>Less</u> Accumulated depreciation	(534)	(556)	(1,090)
Net book amount	<u>95</u>	<u>139</u>	<u>234</u>
For the year ended 31 December 2012			
Opening net book amount	95	139	234
Disposals	-	(101)	(101)
Depreciation charge	(34)	(38)	(72)
Net book amount	<u>61</u>	<u>-</u>	<u>61</u>
As at 31 December 2012			
Cost	629	-	629
<u>Less</u> Accumulated depreciation	(568)	-	(568)
Net book amount	<u>61</u>	<u>-</u>	<u>61</u>

13 Intangible assets, net

	Computer software Baht'000
	<u> </u>
As at 1 January 2011	
Cost	352
<u>Less</u> Accumulated amortisation	<u>(192)</u>
Net book amount	<u><u>160</u></u>
For the year ended 31 December 2011	
Opening net book amount	160
Amortisation charge	<u>(36)</u>
Net book amount	<u><u>124</u></u>
As at 31 December 2011	
Cost	352
<u>Less</u> Accumulated amortisation	<u>(228)</u>
Net book amount	<u><u>124</u></u>
For the year ended 31 December 2012	
Opening net book amount	124
Amortisation charge	<u>(33)</u>
Net book amount	<u><u>91</u></u>
As at 31 December 2012	
Cost	352
<u>Less</u> Accumulated amortisation	<u>(261)</u>
Net book amount	<u><u>91</u></u>

14 Legal reserve

	2012	2011
	Baht'000	Baht'000
Opening balance	7,220	3,683
Appropriation during the years	1,482	3,537
Closing balance	<u>8,702</u>	<u>7,220</u>

Section 116 of the Public Companies Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is non-distributable.

15 Expense by nature

	2012	2011
	Baht'000	Baht'000
Management fees	359,007	398,700
SEC fees	2,000	2,000
Professional fees	1,793	147
Marketing expenses	176	176
Depreciation and amortisation (Note 12, 13)	105	128
Others	951	657
	364,032	401,808

16 Basic earnings per share

Basic earnings per share are calculated by dividing profit attributable to shareholders by the weighted average number of ordinary shares in issue during the years.

	2012	2011
Profit attributable to shareholders (Baht'000)	29,450	70,699
Weighted average number of ordinary shares in issue during the years (Shares)	10,000,000	10,000,000
Basic earnings per share (Baht)	2.95	7.07

There are no potential dilutive ordinary shares in issue for the years ended 31 December 2012 and 2011.

17 Dividends

At the annual shareholders meeting held on 19 April 2012, the shareholders approved an appropriation of a dividend from the profit for the year ended 31 December 2011 of Baht 6.70 per share for 10 million ordinary shares, amounting to Baht 67 million. The dividend was paid during 2012.

At the annual shareholders meeting held on 20 April 2011, the shareholders approved an appropriation of a dividend from the profit for the year ended 31 December 2010 of Baht 2.00 per share for 10 million ordinary shares, amounting to Baht 20 million. The dividend was paid during 2011.

18 Derivatives Investor Protection Fund

In 2012 the Company's board of directors has a resolution to establish the Derivatives Investor Protection Fund (DIPF) ("the Fund") 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).

The Fund was established on 15 November 2012. As at 31 December 2012, there were 37 DIPF members from security companies.

Assets of the Fund consist of the Company's initial capital, admission fees and contributions collected from members of the Fund, and yields or benefits obtained from the proceeds and assets of the Fund after the deduction of expenses for the operation of the Fund. At the time of its establishment, the Fund will have assets worth no less than THB 100 million, which consists of initial capital of THB 50 million from the Company and admission fees and contributions from Fund members in the rest to make the total of THB 100 million. The Company may collect additional sums of money as it deems necessary and appropriate. The initial capital, admission fees and contributions collected from members will be charged from 2013 onwards.