



Annual Report 2013

Thailand Futures Exchange PCL

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Company Information

Thailand Futures Exchange PCL (TFEX), a subsidiary of The Stock Exchange of Thailand (SET) was established on May 17th, 2004 as a derivatives exchange under the Derivatives Act A.D. 2003. TFEX is regulated by the Securities and Exchange Commission (SEC) and was approved to commence business on futures, options and options on futures on February 11th, 2005. The following underlyings are permitted:

- Equities: Index and Stocks
- Debt: Bonds and Interest Rate
- Non-agriculture commodities and other financial indices: Gold, Silver, Crude Oil, Platinum, Copper, Lead, Iron, Aluminium, Tin, Coal, Natural Gas, Electricity, Plastic, Freight, Carbon Credit, and commodities index
- Currency: USD Dollar and any other currency as approved by the SEC

TFEX started its business on April 28th, 2006 by launching SET50 Index Futures as its first product. Subsequently, options and many other products and services were launch to meet the demand of our growing investor base. The following is a list of products that were launch:

- SET50 Index Futures (2006)
- SET50 Index Options (2007)
- Single Stock Futures (Batch I: 2008, Batch II: 2009, Batch III: 2011, Batch IV: 2013, and Batch V: 2013)
- 50-baht Gold Futures (2009)
- 10-baht Gold Futures (2010)
- 5-year Government Bond Futures, 3M BIBOR Futures, and 6M THBFIX Futures (2011)
- Silver Futures (2011)
- Crude Oil Futures (2011)
- USD Dollar Futures (2011)
- Sector Index Futures (2012)

This year, TFEX focuses on improving our products and services to better meets the market demand. We introduce additional underlyings of Single Stock Futures, the minimum volume threshold for block trading transaction was lowered and the exchange fees for Gold Futures and SET50 Index Futures was reduced. We also launch 2 marketing campaigns under the name “TFEX Challenge” and “TFEX Station” designed to encourage both novice and experience investors to learn more about derivatives products.

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



Thailand Futures Exchange PCL

The Stock Exchange of Thailand Building
62 Ratchadaphisek Road, Klongtoey, Bangkok 10110
Tel: 0-2229-2222 Fax: 0-2654-5213
Registration Number 0107547000494

Corporate Milestones

May 17, 2004	Thailand Futures Exchange PCL was established.
February 11, 2005	Received license from the SEC to operate as a derivatives exchange.
April 28, 2006	Launch SET50 Index Futures as the first products with 19 initial members.
July 20, 2006	Approved 1 additional general member. Totaling 20 members.
August 28, 2006	Started internet trading.
September 4, 2006	Approved 2 additional general members. Totaling 22 members.
September 18, 2006	Appointed Market Makers for SET50 Index Futures for the first time.
April 9, 2007	Sign the Memorandum of Understanding with Taiwan Futures Exchange (TAIFEX).
May 14, 2007	Approved 1 additional general member, totaling 23 members.
June 25, 2007	Approved 1 additional general member, totaling 24 members.
September 3, 2007	Allowed Direct Market Access (DMA).
October 29, 2007	Launch SET50 Index Options and appointed Market Makers for Options.
March 17, 2008	Approved 2 additional general members. Totaling 26 members.
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).
September 22, 2008	Approved 9 additional general members, totaling 35 members.
November 24, 2008	Launch Single Stock Futures starting with 3 stocks (ADVANC, PTT, and 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.
November 11, 2009	Approved 1 additional Gold Related Agent. Totaling 40 members (35 General Members + 5 Gold Related Agent).
May 22, 2009	The Bank of Thailand (BOT) approved Gold Futures's market maker to be able to trade foreign gold futures and gold ETF.

Corporate Milestone

June 22, 2009	Launch 11 additional underlying stocks for Single Stock Futures, totaling 14 stocks.
April 1, 2010	Revised Rules and Regulations regarding trading system connections to a more international standard.
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 10, 2011	Approved 1 additional gold related agent. Totaling 41 members (35 general members + 6 gold related agents).
March 21, 2011	Launch 16 additional underlying stocks for Single Stock Futures, totaling 30 stocks.
June 20, 2011	<ul style="list-style-type: none"> • Launch Silver Futures. • Started night session for precious metal futures (19:30 – 22:30).
October 17, 2011	Launch Brent Crude Oil Futures.
June 5, 2012	Launch USD Futures.
June 18, 2012	2 gold related agents were upgraded to general member. Totaling 37 general members and 4 gold related agents.
June 25, 2012	2 gold related agents were upgraded to general member. Totaling 39 general members and 2 gold related agents.
August 20, 2012	1 gold related agent was upgraded to general member. Totaling 40 general members and 1 gold related agent.
October 29, 2012	<ul style="list-style-type: none"> • Launch Sector Futures with the 5 initial sectors: BANK, ICT, ENER, COMM and FOOD. • Adjust SET50 Index Futures and SET50 Index Options contract specifications.
January 14, 2013	Increase the position limit of Single Stock Futures to correlate with the number of listed shares of the underlying stocks.
March 13, 2013	1 gold related agent was upgraded to general member. Totaling 41 general members.

Corporate Milestones

March 18, 2013 Launch 20 additional underlying stocks for Single Stock Futures, totaling 50 stocks.

June 3, 2013 USD Futures trading volume made a new high at 10,129 contracts or 10.13 million dollars.

June 13, 2013 TFEX trading volume made a record high at 232,641 contracts with Single Stock Futures as the main contributor at 172,408 contracts.

July 2, 2013 Allowed Co-Location TFEX.

- July 15, 2013
- Launch 10 additional underlying stocks for Single Stock Futures, totaling 60 stocks.
 - Add new combination order for SET50 Futures and Gold Futures for all available series.

September 2, 2013 Adjust the minimum volume required for Block Trading Transaction

December 18, 2013 Approved new general member totaling 42 members.

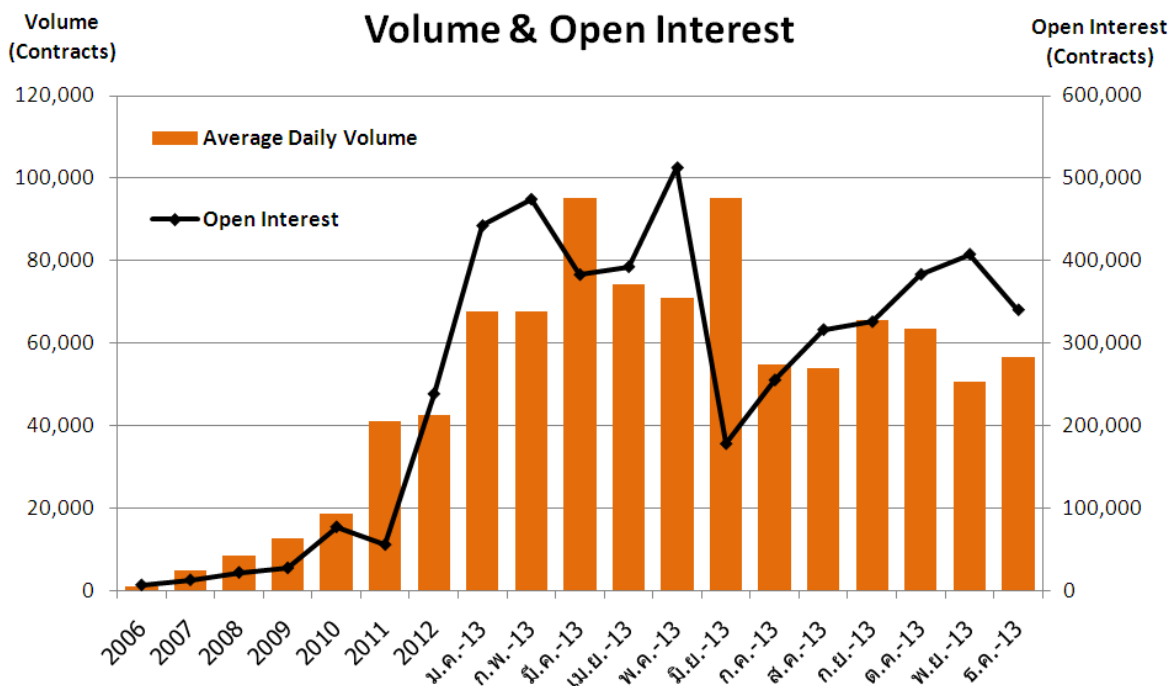
Statistic Highlights

	2008	2009	2010	2011	2012	2013
Trading Volume (Contracts)	2,148,620	3,075,318	4,519,436	10,027,116	10,457,928	16,664,126
SET50 Index Futures	2,099,098	2,522,465	2,471,302	4,316,437	4,034,460	5,688,404
SET50 Index Options	45,684	95,504	107,317	107,993	54,057	65,409
Single Stock Futures	3,838	145,758	969,353	1,578,092	2,168,037	8,415,967
Interest Rate Futures			41	429	27	-
Gold Futures		311,591	971,423	3,989,278	3,642,605	2,207,268
<i>50 Baht</i>		<i>311,591</i>	<i>792,960</i>	<i>1,817,483</i>	<i>1,045,370</i>	<i>551,887</i>
<i>10 Baht</i>			<i>178,463</i>	<i>2,171,795</i>	<i>2,597,235</i>	<i>1,655,381</i>
Silver Futures				31,567	14,590	1,237
Oil Futures				3,320	147,823	46,496
USD Futures					396,138	239,345
Sector Futures					191	-
Average Daily Volume (Contracts)	8,837	12,771	18,676	41,145	43,823	68,017
SET50 Index Futures	8,498	10,381	10,212	17,690	16,467	23,218
SET50 Index Options	185	393	443	443	221	267
Single Stock Futures	154	600	4,006	6,468	8,849	34,351
Interest Rate Futures			1	2	-	0
Gold Futures		1,397	4,014	16,350	14,868	9,009
<i>50 Baht</i>		<i>1,397</i>	<i>3,277</i>	<i>7,449</i>	<i>4,267</i>	<i>2,253</i>
<i>10 Baht</i>			<i>1,716</i>	<i>8,901</i>	<i>10,601</i>	<i>6,757</i>
Silver				236	60	5
Oil Futures				64	603	190
USD Futures					2,751	977
Sector Futures					4	-

	2008	2009	2010	2011	2012	2013
Open Interest (Contracts)	22,747	28,281	77,955	56,452	238,981	340,778
SET50 Index Futures	22,096	18,961	25,553	22,421	36,920	37,496
SET50 Index Options	473	302	797	955	1,569	1,640
Single Stock Futures	178	3,337	35,356	9,514	154,366	282,282
Interest Rate Futures			0	2	0	0
Gold Futures		5,681	16,249	23,322	33,129	13,479
<i>50 Baht</i>		<i>5,681</i>	<i>10,344</i>	<i>8,627</i>	<i>11,803</i>	<i>4,949</i>
<i>10 Baht</i>			<i>5,905</i>	<i>14,695</i>	<i>21,326</i>	<i>8,530</i>
Silver				229	183	6
Oil Futures				9	744	253
USD Futures					12,065	5,622
Sector Futures					5	0
Investor Breakdown (%)						
Local Institution	26%	28%	33%	34%	39%	36%
Local Investors	57%	60%	57%	60%	53%	56%
Foreign Investors	17%	11%	10%	6%	8%	8%
Derivative Accounts	15,894	29,514	42,810	63,100	74,964	87,693
Local Institution	724	990	1,116	1,487	1,712	1,811
Local Investors	14,817	27,812	39,562	58,230	72,133	84,633
Foreign Investors	353	469	714	1,005	1,119	1,249
Members	36	41	41	41	41	42
Number of traders	3,794	4,347	4,584	5,367	5,576	6,225

TFEX Market Summary 2013

The total trading volume of TFEX reaches 16,664,216 contracts in 2013 or an average of 68,017 contracts per day, an increase of 55.20% from the year 2012 where the average daily volume was 43,823 contracts. The majority of the volume came from an increased in popularity in Single Stock Futures and including continue gain in trading volume of SET50 Index Futures. The open interest at year end was at 340,778 contracts, an increase of 42.6 percent from the previous year.

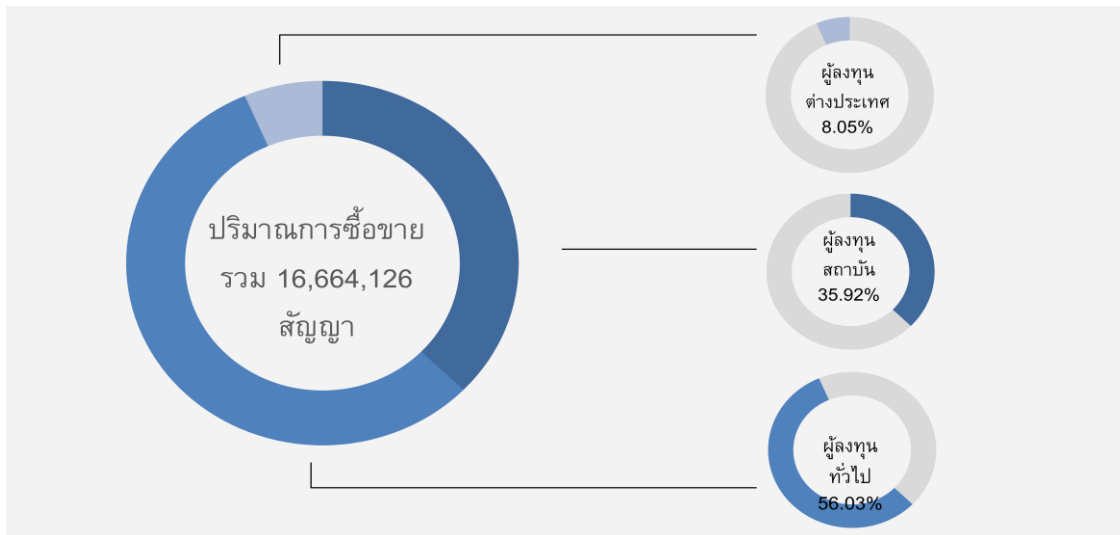


Single Stock Futures traded over 8,415,967 contracts or about 50.50% of the overall market. SET50 Index Futures came in second with a trading volume of 5,688,404 contracts or 34.14%. Gold Futures trading volume was at 2,206,031 contracts or about 13.25% and SET50 Options, USD Futures, Silver Futures and Sector Futures accounted for the rest at 2.11% of the overall market.



Investor profile for year 2013 consists mostly of retail investors which accounted for 56.03%, an increase from last year which was at 56.03%. Foreign investor accounted for 8.05%, also an increase from last year's figure which was at 7.7%. Local institution accounted for 35.92% of the total trading volume.

Investor Type for year 2013



The total number of derivatives account in 2013 was at 87,693 accounts an increase of 17% from the previous year. A total of 12,729 new accounts were opened during the year.

The top 5 members accounted for 42.50% of the overall market share. They were KGI Securities (Thailand) PCL, CIMB Securities (Thailand) Company Limited, Phatra Securities PCL, Maybank Kim Eng Securities (Thailand) PCL, and KT ZMICO Securities Company Limited respectively. There are a total of 42 members as of 2013.

Broker Rank in 2013

Rank	Broker	Broker Name	2013 (%)	2012 (%)	Change (%)
1	KGI	KGI Securities (Thailand) Public Company Limited	11.74	5.97	5.77
2	CIMBS	CIMB Securities (Thailand) Company Limited	9.67	2.55	7.12
3	PHATR	Phatra Securities Public Company Limited	9.16	6.79	2.37
4	MBKET	Maybank Kim Eng Securities (Thailand) Co.,Ltd.	6.59	6.83	-0.24
5	KTZ	KT ZMICO Securities Company Limited	5.34	5.76	-0.42
6	GBS	Globlex Securities Company Limited	4.73	9.94	-5.21
7	PST	Phillip Securities (Thailand) Public Company Limited	4.36	6.34	-1.98
8	TNITY	Trinity Securities Company Limited	3.8	4.18	-0.38
9	ASP	Asia Plus Securities Public Company Limited	3.14	2.56	0.58
10	CGF	Classic Gold Futures Co. Ltd.	3.01	3.65	-0.64
11	FSS	Finansia Syrus Securities Public Company Limited	2.89	4.21	-1.32
12	BLS	Bualuang Securities Public Company Limited	2.86	3.52	-0.66
13	CGS	Country Group Securities Public Company Limited	2.66	3.14	-0.48
14	KS	Kasikorn Securities Public Company Limited	2.46	2.61	-0.15
15	JPM	JPMorgan Securities (Thailand) Limited	2.4	2.29	0.11
16	TNS	Thanachart Securities Public Company Limited	2.2	2.39	-0.19
17	RHBOS	RHB OSK Securities (Thailand) Public Company Limited	2.05	0.47	1.58
18	HGF	Hua Seng Heng Gold Futures Co.,Ltd.	2	1.44	0.56
19	SCBS	SCB Securities Company Limited	2	1.46	0.54
20	UOBKH	UOB Kayhian Securities (Thailand) Public Company Limited	2	1.89	0.11
21	MTSGF	MTS Gold Futures Co.,Ltd.	1.93	4.56	-2.63
22	KKTRD	KKTRADE Securities Company Limited	1.89	1.51	0.38
23	CS	Credit Suisse Securities (Thailand) Limited	1.71	1.09	0.62
24	YLG	YLG Bullion & Futures Co.,Ltd.	1.52	3.66	-2.14
25	CNS	Capital Nomura Securities Public Company Limited	1.35	1.5	-0.15
26	AFC	Ausiris Futures Co.,Ltd.	1.2	2.28	-1.08

Rank	Broker	Broker Name	2013 (%)	2012 (%)	Change (%)
27	KSS	Krungsri Securities Public Company Limited	1.06	0.68	0.38
28	GTWM	GT Wealth Management Co.,Ltd.	0.86	3.2	-2.34
29	KTBST	KTB Securities (Thailand) Company Limited	0.84	0.52	0.32
30	AIRA	Aira Securities Public Company Limited	0.65	0.49	0.16
31	DBSV	DBS Vickers Securities (Thailand) Company Limited	0.6	0.63	-0.03
32	UOBFT	UOB Bullion and Futures (Thai) Limited	0.4	0.3	0.1
33	TSC	TISCO Securities Company Limited	0.38	0.56	-0.18
34	UBS	UBS Securities (Thailand) Limited	0.27	0.4	-0.13
35	CLSAT	CLSA Securities (Thailand) Limited	0.27	0.24	0.03
36	IVG	I V Global Securities Public Company Limited	0.01	0.01	0
37	AEC	AEC Securities Public Company Limited	0.01		0.01
38	CIMBI	CIMB Securities International (Thailand) Co.,Ltd.		0.35	-0.35
39	FSL	Finansa Securities Limited	-	0.30	-
40	AWS	Asia Wealth Securities Company Limited	-	-	-
41	MPSEC	Merchant Partners Securities Public Company Limited			
42	APPLE	Apple Wealth Securities Public Company Limited	-	-	-

Remarks

1. Transferred Membership Rights

- 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** 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** Trinity Polaris Futures Co., Ltd. (TIPOL) has transferred of membership rights to Trinity Securities Co., Ltd. (TNITY) effective from December 1, 2008 onwards.

2. Changed Name

- AEC** United Securities Public Company Limited (US) has changed its name to AEC Securities Public Company Limited (AEC) effective from August 5, 2013 onwards.
- AFC** T.C. Ausiris Futures Co., Ltd. (TCAF) has changed its name to Ausiris Futures Co., Ltd. (AFC) effective from April 26, 2010 onwards.
- APPLE** ACL Securities Company Limited (ACLS) has changed its name to APPLE Wealth Securities Company

	Limited (APPLE) effective from October 11, 2013 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.
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 Col, Ltd. (FSS) effective from July 8, 2009 onwards.
KKTRD	Kiatnakin Securities Company Limited (KKS) has changed its name to KKTRADE Securities Company Limited effective from August 9, 2013 onwards and has changed its symbol to KKTRD effective from September 30, 2013 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.
KTBST	Far East Securities Company Limited (FES) has changed its name to KTB SECURITIES (THAILAND) CO., LTD (KTBST) effective from October 31, 2011 onwards.
LHS	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 and has changed its name to Land and Houses Securities Public Company Limited (LHS) effective from April 24, 2014 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.
RHBOS	BFIT Securities Public Company Limited (BSEC) has changed its name to OSK Securities (Thailand) Public Company Limited (OSK) effective from September 19, 2011 onwards. And OSK has changed its name to RHB OSK Securities (Thailand) Public Company Limited (RHBOS) effective from April 17, 2013 onwards.

3. Dormant Membership

FSL	Finansa Securities Ltd. (FSL) has temporarily suspended the operation effective from July 4, 2009 onwards.
LHS	Land and Houses Securities Public Company Limited (LHS) has temporarily suspended the operation effective from December 1, 2012 onwards.
MPSEC	Merchant Partners Securities Public Company Limited (MPSEC) has temporarily suspended the operation effective from February 15, 2010 onwards.

4. 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, HGF, MTSGF	GT Wealth Management Co.,Ltd., Hua Seng Heng Gold Futures Co.,Ltd. and MTS Gold Futures Co.,Ltd. were upgraded to become Full License Members effective from June 18, 2012 onwards.
YLG	YLG Bullion & Futures Co.,Ltd. was upgraded to become a Full License Member effective from August 20, 2012 onwards.
CGF	Classic Gold Futures Co. Ltd. was upgraded to become a Full License Member effective from March 13, 2013 onwards.

Business Highlights 2013

◎ Products and Services

In 2013, TFEX undertook several initiatives to further respond to our investors demand. We introduced new underlyings for Single Stock Futures and also revised the minimum volume require for entering a block trading transaction for all products. Another major development that contributed to our growth this year was the changes in the position limit of Single Stock Futures. Also, over the course of 2013 we have engaged with many partners including Krung Thai Bank to promote our USD Futures product so that business owners who have currency risk can have better tools to manage their risks. Our product and service development included the following:

- **New underlyings for Single Stock Futures**

Single Stock Futures was introduced in 2008 with only 3 underlying. In 2009 and 2011 we continued to add more stocks totaling 30 stocks by the end of 2011. In 2013, we introduced new underlyings twice.

On March 18, 2013 we added 20 of the following stocks AAV, AMATA, AOT, BCP, BGH, BH, BJC, BLAND, CENTEL, CK, CPN, INTUCH, JAS, KKP, PTTGC, ROBINS, SIRI, STEC, THCOM and TPIPL.



On July 15, 2013, 10 additional stocks were added. They are AP, BCH, BECL, BLA, HEMRAJ, LPN, MAJOR, RATCH, SPALI and TVO. A total of 60 stocks were available by the end of 2013 covering more than 14 industries.



The products shows great success as the trading volume in 2013 grows by more than 288.88% from the previous year. Single Stock Futures alone traded more than 8,415,967 contracts, compare to only 2,168,037 contracts in the previous year.

- **Changes in Position Limit of Stock Futures**

Because we see that there are significant price differences between each stock, we have decided that having a single level of position limit for all stock futures may not be appropriate. As such, we have studied various markets and done extensive surveys from all market participants including both retail investors and institutions. And on January 14, 2013, we have adjusted the position limit for stock futures from 20,000 contracts for all stock futures to a proportion of the listed shares of the underlying stocks. The new position limit for stock futures will be equal to 1% of the underlying stock's listed share with a minimum of 20,000 contracts.

- **Changes in minimum volume for Block Trade**

In order to improve our block trade services and to enable investors to undertake large trade at a single price, we have reduced the minimum volume requirement for all products. The following adjustments were made:

1. Reduce the minimum volume for block trade for the following stock futures with high prices: ADVANC, AOT, BANPU, BBL, BGH, BH, BLA, DTAC, INTUCH, KBANK, KKP, PTT, PTTEP, PTTGC, RATCH, ROBINS, SCB, SCC, TOP and TUF. The minimum volume has been reduced to 25 contracts or equivalent to 25,000 shares. As for other stock futures with lower prices, the minimum volume remains at 100 contracts.

2. Added the following products to block trade lists: Sector Index Futures, Oil Futures and Interest Rate Futures. The minimum volume required for these products is set at 25 contracts.

- **Collaboration with Krung Thai Bank to facilitate USD Futures investors**

TFEX have joined hands with Krung Thai Bank on a new service for USD Futures, especially for importers and exporters, to better manage their exchange rate risks.



USD Futures was launched in June 2012 with a contract size of \$1,000 USD. The contract was designed for real sectors to have an efficient tool to manage their risks. We have received continuous support from Krung Thai Bank as they also provide liquidity to the market in a market making program.

However, since USD Futures is cash settled, which may not be optimal for the real sectors that need physical cash for their business. With the collaboration with Krung Thai Bank, we have offered a new service that will allow those who trade USD Futures to be able to obtain actual USD Dollars. This service was implemented on March 2014.

◎ Membership restructuring

- **Upgrading Limited License to Full License Membership**

TFEX has always given support to our members so that they can be the best in their business and reach their full potential. Throughout the year we have seen many Limited License Members that have shown strong performances. As such, we have encouraged them to pursue a Full License status so that their clients will be able to trade all products. Thus far, most limited license members have now applied and have been approved by TFEX to become Full License Members. This year, Classic Gold Futures, a limited license member, has also applied for a Full License membership status as of March 13th, 2014. We have approved their application and now they can offer all products on TFEX to their clients.

- **New Member**

In 2013, we are accepting new members to increase the total number of brokers available to investors. All types of members are accepted including Trading members where they can join the derivative industry as a liquidity provider (market-maker). This year, we have accepted Apple Wealth Securities PCL as a Full License Member. However, they are not yet allowed to offer USD Futures to investors as this requires an approval from the Bank of Thailand (BOT). The BOT however, allows Full License Member to trade USD Futures as a market maker where before, only the financial institutions such as banks are allowed to trade as market maker.

Currently, there are a total of 42 members. 31 are Full License Members and can trade USD Futures. And there are a total of 20 selling agents which can trade only precious metal futures.

- ◎ **Marketing Campaign**

This year, TFEX launches a new marketing campaign that will reach a far wider audience. This includes aggressive educational strategies to produce quality derivative personnel and trader. This campaign stems from the fact that most traders who trade derivatives have very little understanding of the product and its mechanism to be able to fully utilize derivatives to its full potential. We teamed up with our members to host various seminars and broadcast them using live webcast. All past seminars can also be viewed from TFEX's website. With this campaign, investors from all over the country can choose to learn about derivatives in their own free time.

- **Education and Marketing**

This year marketing campaign is hosted under the name "TFEX Challenge" which focuses on practical implication. They are split into 3 sub-campaigns as followed:

- ▶ **1. TFEX Challenge Academy**



TFEX Challenge Academy is a program that uses real professional to teach investors about derivatives products. The program teaches everything from basic fundamentals to more advanced techniques. This includes how to place order, trading strategies, technical analysis, and more. This year we have over 700 participants' joining the programs.

- ▶ **2. TFEX Challenge Competition**



TFEX Challenge Competition is a program that allows investors to put their knowledge to the test using a program called "Click2Win". Click2Win is a trading simulation program that mimics the real trading platform "Streaming Pro".

Investors can learn all about how to place orders, using stop loss, and various other features that the real program offers. All the data feed are real-time and simulate that of the real market. Each group of investors is paired with a trader from each broker which will help investors manage their portfolio. Over the course of 2 months there were over 40,000 applicants where the best portfolio was able to make 240% profit.

▶ 3. TFX Derivatives Star Team

TFEX Derivatives Star Team is a program that focuses on creating new financial gurus for the capital market. We recruited both undergraduate and graduate students of all majors. The applicant will be able to go through various company visits to learn from the real working environment and prepare



themselves before entering the real world. Furthermore, the program will teach students to be creative, have strong leadership skills, and are able to pass on information to future generation. At the end of the program there is a competition, each group of students will have a session to present about derivatives product to a general audience.

In year 2013, TFX also host an event that focuses on technical analysis call **TFEX Futures Day** and **TFEX Technical Class**. This was made possible by our members as each member supply trader who will talk about their own trading style and strategies. The event was held in February, June, and August, totaling 23 times with over 2,800 investors participating.

Furthermore, TFX also works with many other institutions to host an event both in Bangkok and upcountry to help educate investors about derivatives products. We worked with the following institutions:

- ▶ **TFEX's Members and the Press:** Held 19 general seminars for all investors about products, tradings system and trading strategies. Total participant was estimate at 5,100 people.
- ▶ **SET Group Company:** Held informational booth at major financial events such as SET in the City, and Money Expo both in Bangkok and at upcountry. Also host seminar with Thailand Securities Institute in the form of a focus group and webcast.

- **Real Sectors**

We also recognized the importance of how exchange rate risk can affect the real sectors. Thus, we have continued to work along side our partners to educate business owners about how futures can help manage and minimize their exchange risks. We have received strong collaboration from The Bank of Thailand, The Federation of Thai Industries, Thai National Shippers' Council, and TheThai Chamber of Commerce and Board of Trade of Thailand. With our partners, we were able to host seminars all over the country such as Khonkan, Songkla, Chiangmai, and Nakornratchasrima. These cities were the main hub where importers/exporters are concentrated at.

- **Foreign Investors**

TFEX have also continued to participate in global events such as Futures and Options World (FOW) in Hongkong, Futures Industry Association (FIA) in Singapore, and Thailand Focus which was held in Thailand. These events are a good opportunity for us to meet our fellow exchanges and partners overseas and to be able to exchange ideas and the direction of the derivative industries. We used these events to promote our products to foreign investors. Other than these events, we have also arranged a one-on-one visit with our clients from all over the world. We visit them to collect suggestiond and any difficulties they may have at trading our products.

- **Exchange Fees Campaign and Promotion**

In year 2013, we reduced the exchange fees of SET50 Index Futures, 50-Baht Gold Futures, and 10-Baht Gold Futures down by 30%. The new exchange fees for SET50 Futures and 50-Baht Gold Futures is 35 baht. For 10-Baht Gold Futures, the exchange fee is 7 Baht. Furthermore, we want to encourage investors to learn to use hedging tools such as USD Futures, thus we reduced the exchange fees of USD Futures down by 50%. This will help keep the cost of business owner at a more manageable level.

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 2013, and the related 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 2013, 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

19 February 2014

Thailand Futures Exchange Public Company Limited

Statement of Financial Position

As at 31 December 2013

		31 December 2013	(Restated) 31 December 2012	(Restated) 1 January 2012
	Notes	Baht'000	Baht'000	Baht'000
Assets				
Current assets				
Cash and cash equivalents	8	17,240	7,835	11,895
Short-term investments, net	9	-	5,000	97,660
Accounts receivable and accrued income, net	10	60,134	66,643	37,210
Accrued interest receivable		440	281	654
Short-term loans to the parent	7	130,000	180,000	200,000
Deferred tax assets	3, 14	-	22	-
Other current assets	11	10,132	6,984	151
Total current assets		217,946	266,765	347,570
Non-current assets				
Long-term investments, net		-	-	5,000
Equipment, net	12	28	61	234
Intangible assets, net	13	58	91	124
Derivatives Investor Protection Fund	20	58,954	-	-
Total non-current assets		59,040	152	5,358
Total assets		276,986	266,917	352,928

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

Thailand Futures Exchange Public Company Limited

Statement of Financial Position (Cont'd)

As at 31 December 2013

	Notes	31 December 2013 Baht'000	(Restated) 31 December 2012 Baht'000	(Restated) 1 January 2012 Baht'000
Liabilities and shareholders' equity				
Current liabilities				
Accounts payable and accrued expenses	7	21,757	39,755	85,762
Unearned revenues		51,377	60,591	53,608
VAT payable		25	9	377
Withholding tax payable		16	5	5
Income tax payable		-	-	9,129
Other current liabilities		121	165	127
Total current liabilities		73,296	100,525	149,008
Non-current liabilities				
Contributions and benefits to				
Derivatives Investor Protection Fund	20	7,961	-	-
Total liabilities		81,257	100,525	149,008
Shareholders' equity				
Share capital				
Authorised share capital				
10,000,000 ordinary shares, at par value				
of Baht 10 each				
		100,000	100,000	100,000
Issued and fully paid-up share capital				
10,000,000 ordinary shares, fully paid-up				
of Baht 10 each				
		100,000	100,000	100,000
Derivatives Investor Protector Fund	20	50,993	-	-
Retained earnings				
Appropriated - Legal reserve				
	15	10,000	8,702	7,220
Unappropriated				
		34,736	57,690	96,700
Total shareholders' equity		195,729	166,392	203,920
Total liabilities and shareholders' equity		276,986	266,917	352,928

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

Thailand Futures Exchange Public Company Limited
Statement of Comprehensive Income
For the year ended 31 December 2013

	Notes	2013 Baht'000	(Restated) 2012 Baht'000
Revenues			
Trading fees		355,276	320,822
Membership fess		50,414	62,016
Information service fees		13,902	11,707
Interest income	7	4,335	6,086
Other income		2,552	2,357
Total revenues		426,479	402,988
Expenses			
Administrative expenses	7, 16	380,906	364,032
Directors' remuneration		768	650
Total expenses		381,674	364,682
Revenues over expenses		44,805	38,306
Non-operating items			
Income derived from Derivatives Investor Protection Fund, net	20	1,086	-
Profit before income tax expense		45,891	38,306
Income tax expense	3, 17	(8,961)	(8,834)
Profit for the year		36,930	29,472
Other comprehensive income		-	-
Total comprehensive income for the year		36,930	29,472
Earnings per share			
Basic earnings per share (Baht)	18	3.69	2.95

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

Thailand Futures Exchange Public Company Limited
Statement of Changes in Shareholders' Equity
For the year ended 31 December 2013

	Notes	Issued and fully paid-up share capital Baht'000	Derivatives Investor Protection Fund Baht'000	Legal reserve Baht'000	Retained earnings - unappropriated Baht'000	Total Baht'000
Opening balance at 1 January 2012		100,000	-	7,220	96,700	203,920
Effect from adopted new accounting policy	3	-	-	-	-	-
Opening balance after adjustment		100,000	-	7,220	96,700	203,920
Total comprehensive income for the year		-	-	-	29,472	29,472
Legal reserve	15	-	-	1,482	(1,482)	-
Dividend paid	19	-	-	-	(67,000)	(67,000)
Closing balance at 31 December 2012		<u>100,000</u>	<u>-</u>	<u>8,702</u>	<u>57,690</u>	<u>166,392</u>
Opening balance at 1 January 2013		100,000	-	8,702	57,668	166,370
Effect from adopted new accounting policy	3	-	-	-	22	22
Opening balance after adjustments		100,000	-	8,702	57,690	166,392
Contributions - Derivatives Investor Protection Fund		-	50,000	-	(50,000)	-
Total comprehensive income for the year		-	1,086	-	35,844	36,930
Contributions and benefits to Derivatives Investor Protection Fund		-	(93)	-	-	(93)
Legal reserve	15	-	-	1,298	(1,298)	-
Dividend paid	19	-	-	-	(7,500)	(7,500)
Closing balance at 31 December 2013		<u>100,000</u>	<u>50,993</u>	<u>10,000</u>	<u>34,736</u>	<u>195,729</u>

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

Thailand Futures Exchange Public Company Limited

Statement of Cash Flows

For the year ended 31 December 2013

	Notes	2013 Baht'000	2012 Baht'000
Cash flows from operating activities			
Profit before income tax expense		45,891	38,306
Adjustments for:			
Depreciation	12	33	72
Amortisation	13	33	33
Interest income		(4,335)	(6,086)
Allowance for doubtful accounts	10	(110)	110
Income derived from			
Derivatives Investor Protection Fund, net		(1,086)	-
Operating profit before changes in operating assets and liabilities		40,426	32,435
(Increase) decrease in operating assets			
Accounts receivable and accrued income		6,619	(29,543)
Other current assets		(3,148)	(6,833)
Derivatives Investor Protection Fund		(58,498)	-
Increase (decrease) in operating liabilities			
Accounts payable and accrued expenses		(17,998)	(46,007)
Unearned revenues		(9,214)	6,983
VAT payable		16	(368)
Withholding tax payable		11	-
Other current liabilities		(44)	38
Contributions and benefits to Derivatives Investor Protection Fund		7,961	-
Cash flows used in operations		(33,869)	(43,295)
<u>Less</u> Income tax paid		(8,939)	(17,985)
Net cash used in operating activities		(42,808)	(61,280)

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

Thailand Futures Exchange Public Company Limited

Statement of Cash Flows (Cont'd)

For the year ended 31 December 2013

		2013	2012
	Notes	Baht'000	Baht'000
Cash flows from investing activities			
Interest received		4,176	6,459
Purchases of short-term investments	9	-	(70,390)
Proceeds from disposals of short-term investments	9	5,000	168,050
Proceeds from disposals of equipment		-	101
Repayment of short-term loans to the parent	7	50,000	20,000
Benefits received from Derivatives Investor Protection Fund		537	-
Net cash generated from investing activities		59,713	124,220
Cash flows from financing activities			
Dividends paid	19	(7,500)	(67,000)
Net cash used in financing activities		(7,500)	(67,000)
Net increase (decrease) in cash and cash equivalents		9,405	(4,060)
Opening balance		7,835	11,895
Closing balance	8	17,240	7,835
Supplemental disclosures of cash flows information			
Significant non-cash transactions			
Classification of investments from long-term to short-term	9	-	5,000

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

Thailand Futures Exchange Public Company Limited**Notes to the Financial Statements****For the year ended 31 December 2013**

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 located at 62 The Stock Exchange of Thailand Building, Ratchadapisek Road, Kwaeng Klongtoey, Khet Klongtoey, Bangkok 10110.

These financial statements were authorised for issue by the management on 19 February 2014.

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 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 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 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.

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.

Thailand Futures Exchange Public Company Limited

Notes to the Financial Statements

For the year ended 31 December 2013

2 Accounting policies (Cont'd)

2.2 Revised accounting standards, revised financial reporting standards, and related interpretations

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

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

TAS 12 requires tax expenses to be recognised for current and deferred tax. New accounting policy of income taxes is provided in Note 2.12 and the significant impact to the Company are described in Note 3

TAS 21 (Revised 2009) requires the entity to determine the functional currency which is the currency of the primary economic environment in which the entity operates. The assessed and concluded that Thai Baht is the entity'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 2.3

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

- 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
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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 Company.

2.3 Foreign currency translation

- a) Functional and presentation currency

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

Thailand Futures Exchange Public Company Limited**Notes to the Financial Statements****For the year ended 31 December 2013**

2 Accounting policies (Cont'd)**2.3 Foreign currency translation (Cont'd)****(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 profit or loss.

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

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 (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 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.

Thailand Futures Exchange Public Company Limited

Notes to the Financial Statements

For the year ended 31 December 2013

2 Accounting policies (Cont'd)

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 statement 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
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 statement 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 statement of comprehensive income.

Thailand Futures Exchange Public Company Limited**Notes to the Financial Statements****For the year ended 31 December 2013**

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

Thailand Futures Exchange Public Company Limited

Notes to the Financial Statements

For the year ended 31 December 2013

2 Accounting policies (Cont'd)

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 statement 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).

2.15 Dividend payment

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

Thailand Futures Exchange Public Company Limited
Notes to the Financial Statements**For the year ended 31 December 2013****2 Accounting policies (Cont'd)****2.16 Current and deferred income taxes**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, 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.

3 Adjustments from adopted new accounting policy

The effects from adopted new accounting policy are as follows:

	Originally stated Baht'000	Adjustment Baht'000	Restated Baht'000
Statement of financial position			
As at 1 January 2012			
Asset			
Deferred tax assets	-	-	-
Shareholders' equity			
Retained earnings (Unappropriate)	96,700	-	96,700
As at 31 December 2012			
Asset			
Deferred tax assets	-	22	22
Shareholders' equity			
Retained earnings (Unappropriate)	57,668	22	57,690
Statement of comprehensive income			
for the year ended 31 December 2012			
Income tax expense	8,856	(22)	8,834
Basic earnings per share (Baht per share)	2.95	-	2.95

Thailand Futures Exchange Public Company Limited

Notes to the Financial Statements

For the year ended 31 December 2013

4 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, since 2013, the Company's Board of Directors approves to transfer remaining cash from the Company's operation to be lent to the parent. The interest rate on the loan is based on the floating market interest rate which is referred to the return of one-year bond.

4.1 Foreign exchange risk

The Company has no significant exposure to foreign currency risk relates due to its assets and liabilities are mainly made in Thai Baht. The Company 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 Company'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 Company doesn't have interest rate derivative in order to manage fluctuation of the interest rate.

4.3 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.

4.4 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.

Thailand Futures Exchange Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2013

4 Financial risk management (Cont'd)**Financial risk factors (Cont'd)****4.5 Risk from investments and deposits**

The Company was exposed to market risks as the investor of financial instruments, and credit risk from the issuer of financial instruments. Since 2013, the company transfers remaining cash from the operation to be lent to the parent as prescribed by the resolution of the Company's Board of Director.

Before 2013, the company 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 was as follows:

Type of investment	Proportion of investment
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

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 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.

Thailand Futures Exchange Public Company Limited

Notes to the Financial Statements

For the year ended 31 December 2013

7 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, 100% 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 return of one-year bond
Fee and service expenses	Cost plus margin

Transactions with related parties for the years ended 31 December 2013 and 2012 and balances as at 31 December 2013 and 2012 were as follows:

7.1 Interest income

		2013	2012
		<u>Baht'000</u>	<u>Baht'000</u>
Nature of relationships			
Interest income	The parent	<u>3,495</u>	<u>4,499</u>

7.2 Fee and service expenses

		2013	2012
		<u>Baht'000</u>	<u>Baht'000</u>
Nature of relationships			
Fee and service expenses	The parent	<u>375,508</u>	<u>359,007</u>

Thailand Futures Exchange Public Company Limited
Notes to the Financial Statements**For the year ended 31 December 2013**

7 Related party transactions (Cont'd)

Transactions with related parties for the years ended 31 December 2013 and 2012 and balances as at 31 December 2013 and 2012 were as follows: (Cont'd)

7.3 Short-term loans to the parent

	Interest rate		2013 Baht'000	2012 Baht'000
	2013	2012		
	% per annum	% per annum		
Short-term loans to the parent	2.50 - 2.70	2.50	130,000	180,000

The parent has a policy of centralising the investments and managed the investments in order to maximise its efficiency and overall returns. The parent will borrow from its subsidiaries in the form of one-year promissory notes. The interest rate on the loan is reference to the return of one-year bond (the interest rate may be revised as appropriate).

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

	2013 Baht'000	2012 Baht'000
Opening balance	180,000	200,000
Repayment	(50,000)	(20,000)
Closing balance	130,000	180,000

7.4 Outstanding balance arising from purchases of service

	Nature of relationships	2013	2012
		Baht'000	Baht'000
Accrued expenses	The parent	21,545	38,109

7.5 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.

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Notes to the Financial Statements

For the year ended 31 December 2013

8 Cash and cash equivalents

	2013	2012
	Baht'000	Baht'000
Cash on hand	3	3
Savings and current accounts	17,237	7,832
	<u>17,240</u>	<u>7,835</u>

For the year ended 31 December 2013, savings accounts carried interest at rates ranging from 0.50% - 2.15% per annum (2012: from 0.625% - 2.40% per annum).

9 Short-term investments, net

	2013	2012
	Baht'000	Baht'000
Held-to-maturity debt securities		
Debentures	-	5,000
	<u>-</u>	<u>5,000</u>

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

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

	2013	2012
	Baht'000	Baht'000
Opening balance	5,000	97,660
Purchases	-	70,390
Disposals	(5,000)	(168,050)
Classification from long-term investments	-	5,000
Closing balance	<u>-</u>	<u>5,000</u>

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 Notes to the Financial Statements
 For the year ended 31 December 2013

10 Accounts receivable and accrued income, net

	2013	2012
	Baht'000	Baht'000
Accounts receivable	659	259
<u>Less</u> Allowance for doubtful accounts	-	(110)
Accounts receivable, net	659	149
Accrued income	59,475	66,494
	<u>60,134</u>	<u>66,643</u>

Aging analyses for accounts receivable are as follows:

	2013	2012
	Baht'000	Baht'000
Other parties		
Within credit terms	211	6
Overdue:		
Less than 3 months	447	115
3 - 6 months	1	59
6 - 12 months	-	79
	<u>659</u>	<u>259</u>

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

11 Other current assets

	2013	2012
	Baht'000	Baht'000
Withholding tax receivable	7,424	4,175
VAT receivable	2,300	2,662
Prepaid expenses	141	147
Other receivable	267	-
	<u>10,132</u>	<u>6,984</u>

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For the year ended 31 December 2013

	Furniture, fixtures and equipment Baht'000	Computer equipment Baht'000	Total Baht'000
As at 1 January 2012			
Cost	629	695	1,324
<u>Less</u> Accumulated depreciation	(534)	(556)	(1,090)
Net book amount	95	139	234
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	61	-	61
As at 31 December 2012			
Cost	629	-	629
<u>Less</u> Accumulated depreciation	(568)	-	(568)
Net book amount	61	-	61
For the year ended 31 December 2013			
Opening net book amount	61	-	61
Depreciation charge	(33)	-	(33)
Net book amount	28	-	28
As at 31 December 2013			
Cost	629	-	629
<u>Less</u> Accumulated depreciation	(601)	-	(601)
Net book amount	28	-	28

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For the year ended 31 December 2013

13 Intangible assets, net

	Computer software Baht'000
As at 1 January 2012	
Cost	352
<u>Less</u> Accumulated amortisation	(228)
Net book amount	<u>124</u>
For the year ended 31 December 2012	
Opening net book amount	124
Amortisation charge	(33)
Net book amount	<u>91</u>
As at 31 December 2012	
Cost	352
<u>Less</u> Accumulated amortisation	(261)
Net book amount	<u>91</u>
For the year ended 31 December 2013	
Opening net book amount	91
Amortisation charge	(33)
Net book amount	<u>58</u>
As at 31 December 2013	
Cost	352
<u>Less</u> Accumulated amortisation	(294)
Net book amount	<u>58</u>

14 Deferred income taxes

	(Restated)	
	2013	2012
	Baht'000	Baht'000
Deferred tax assets	-	22
Deferred tax liabilities	-	-
Deferred income taxes, net	<u>-</u>	<u>22</u>

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For the year ended 31 December 2013

14 Deferred income taxes (Cont'd)

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

	2013	(Restated) 2012
	Baht'000	Baht'000
At 1 January	22	-
Charged/(credited) to profit or loss	(22)	22
At 31 December	-	22

15 Legal reserve

	2013	2012
	Baht'000	Baht'000
Opening balance	8,702	7,220
Appropriation during the years	1,298	1,482
Closing balance	10,000	8,702

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.

16 Expense by nature

	2013	2012
	Baht'000	Baht'000
Management fees	375,508	359,007
SEC fees	2,000	2,000
Professional fees	1,677	1,793
Marketing expenses	381	176
Depreciation and amortisation (Note 12, 13)	66	105
Others	1,274	951
	<u>380,906</u>	<u>364,032</u>

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17 Income tax expense

	2013	(Restated) 2012
	Baht'000	Baht'000
Current incometax:		
Current income tax	8,939	8,856
Total current income tax	8,939	8,856
Deferred income tax (Note 14):		
Origination and reversal of temporary differences	22	(22)
Total deferred income tax	22	(22)
Total income tax expense	8,961	8,834

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

	2013	(Restated) 2012
	Baht'000	Baht'000
Profit before income tax expense	44,805	38,306
Tax calculated at a tax rate of 20% (2012: 23%)	8,961	8,810
Tax effect of:		
Income not subject to tax	-	-
Expenses not deductible for tax purposes	(22)	46
Current income tax	8,939	8,856

The weighted average applicable tax rate was 20% (2012: 23%). The decrease is caused by a change in corporate income tax rate announced by the Revenue Department.

18 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.

	2013	2012
Profit attributable to shareholders (Baht'000)	36,930	29,472
Weighted average number of ordinary shares in issue during the years (Shares'000)	10,000	10,000
Basic earnings per share (Baht per share)	3.69	2.95

There are no potential dilutive ordinary shares in issue for the years ended 31 December 2013 and 2012.

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For the year ended 31 December 2013

19 Dividends

At the annual shareholders meeting held on 17 April 2013, the shareholders approved an appropriation of a dividend from the profit for the year ended 31 December 2012 of Baht 0.75 per share for 10 million ordinary shares, amounting to Baht 7.5 million. The dividend was paid during 2013.

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.

20 Derivatives Investor Protection Fund

In 2012 the Company's board of directors had 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 are 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 Baht 50 million from the Company and admission fees and contributions from DIPF members in the rest to make the total of Baht 100 million. The Company may collect additional sums of money as it deems necessary and appropriate.

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20 Derivatives Investor Protection Fund (Cont'd)

The statement of financial position of the DIPF as at 31 December 2013 which are included in the Company's financial statements are as follows:

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

The statement of revenues and expenses of the DIPF which are included as parts of the statement of comprehensive income are as follows:

	2013
	Baht'000
For the year ended 31 December 2013	
Revenues	
Interest income	<u>1,518</u>
Total revenues	<u>1,518</u>
Expenses	
Operating expenses	<u>161</u>
Total expenses	<u>161</u>
Revenues over expenses before income tax expense	1,357
Income tax expense	<u>(271)</u>
Revenues over expenses for the year	1,086
Other comprehensive revenues and expenses	<u>-</u>
Total comprehensive revenues and expenses for the year	<u>1,086</u>



Thailand Futures Exchange

Thailand Futures Exchange PCL

62 Ratchadaphisek Rd., Klongtoey, Bangkok 10110

Tel. : +662-229-2000 www.TFEX.co.th

