

Thailand Futures Exchange  
**Annual Report  
2014**



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## 1. 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).

In year 2014, TFEX main strategy is to improve the existing products and services to better match the need of the market participants. The contract specification of SET50 Index Futures was adjusted and the trading hours was increase. Furthermore, we also improve on our current back office system including trading and clearing system to make sure that the system can handle any future improvements such as foreign currency settlement and high speed trading.

### Share Holdings



Thailand Futures Exchange  
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.

## 2. 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"> <li>• Launch 3M BIBOR Futures and 6M THBFIX Futures</li> <li>• Thailand Clearing House (TCH) allowed foreign currency collateral. USD and EUR are currently accepted.</li> </ul>
March 21, 2011	Launch additional Single Stock Futures (Batch III)
June 20, 2011	<ul style="list-style-type: none"> <li>• Launch Silver Futures</li> <li>• Extended trading hours for Commodity Futures</li> </ul>
September 26, 2011	TFEX trading volumes hit record high at 155,955 contracts.
October 17, 2011	Launch Brent Crude Oil Futures

## 2. Corporate Milestones (Cont'd)

June 5, 2012      Launch USD Futures

- |                  |   |
|------------------|---|
| October 29, 2012 | <ul style="list-style-type: none"><li>• Launch Sector Futures</li><li>• Made adjustment to SET50 Index Futures and SET50 Index Options contract specification</li></ul> |
|------------------|---|

### 3. Statistics Highlights

	2009	2010	2011	2012	2013	2014
<b>Trading Volume (Contracts)</b>	<b>3,075,318</b>	<b>4,519,436</b>	<b>10,027,116</b>	<b>10,457,928</b>	<b>16,664,126</b>	<b>36,021,150</b>
SET50 Index Futures	2,522,465	2,471,302	4,316,437	4,034,460	5,688,404	14,403,574
SET50 Index Options	95,504	107,317	107,993	54,057	65,409	108,855
Single Stock Futures	145,758	969,353	1,578,092	2,168,037	8,415,967	19,624,561
Interest Rate Futures		41	429	27	-	-
Gold Futures	311,591	971,423	3,989,278	3,642,605	2,207,268	1,541,695
50 Baht	311,591	792,960	1,817,483	1,045,370	551,887	238,544
10 Baht		178,463	2,171,795	2,597,235	1,655,381	1,303,151
Silver Futures			31,567	14,590	1,237	9
Oil Futures			3,320	147,823	46,496	32,530
USD Futures				396,138	239,345	309,926
Sector Futures				191	-	-
<b>Average Daily Volume (Contracts)</b>	<b>12,771</b>	<b>18,676</b>	<b>41,145</b>	<b>43,823</b>	<b>68,017</b>	<b>147,025</b>
SET50 Index Futures	10,381	10,212	17,690	16,467	23,218	58,790
SET50 Index Options	393	443	443	221	267	444
Single Stock Futures	600	4,006	6,468	8,849	34,351	80,100
Interest Rate Futures		1	2	-	-	-
Gold Futures	1,397	4,014	16,350	14,868	9,009	6,293
50 Baht	1,397	3,277	7,449	4,267	2,253	974
10 Baht		1,716	8,901	10,601	6,757	5319
Silver			236	60	5	-
Oil Futures			64	603	190	133
USD Futures				2,751	977	1,265
Sector Futures				4	-	-

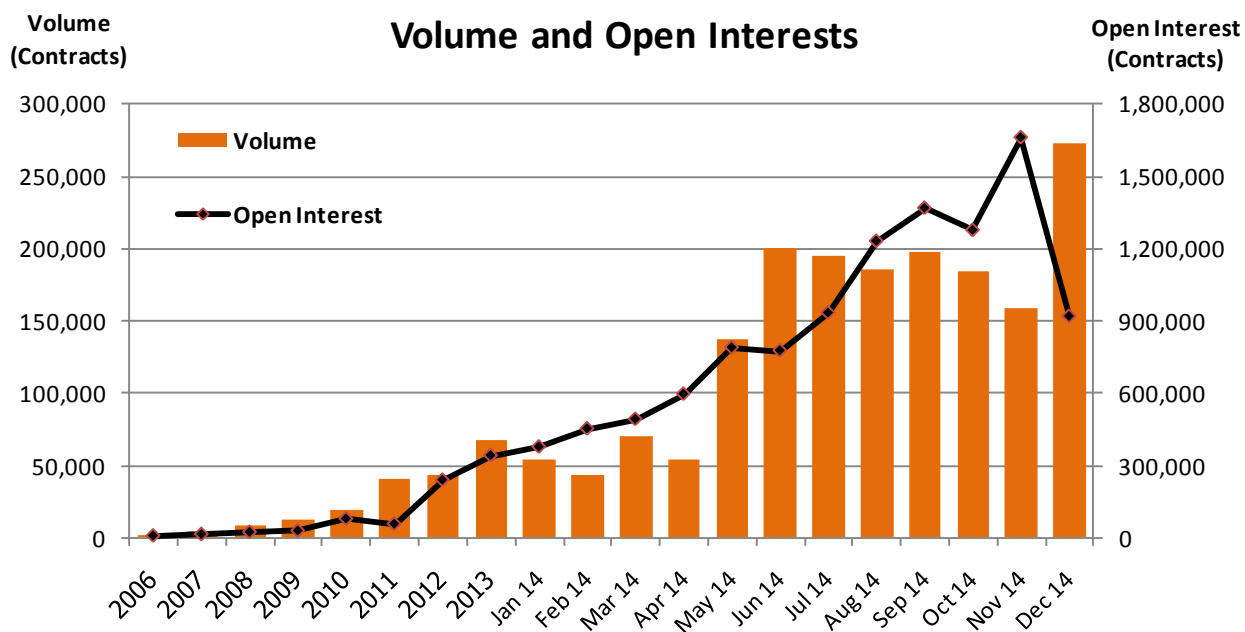
### 3. Statistics Highlights (Cont'd)

	2009	2010	2011	2012	2013	2014
<b>Open Interest (Contracts)</b>	<b>28,281</b>	<b>77,955</b>	<b>56,452</b>	<b>238,981</b>	<b>340,778</b>	<b>918,187</b>
SET50 Index Futures	18,961	25,553	22,421	36,920	37,496	177,704
SET50 Index Options	302	797	955	1,569	1,640	3,543
Single Stock Futures	3,337	35,356	9,514	154,366	282,282	704,176
Interest Rate Futures		-	2	-	-	-
Gold Futures	5,681	16,249	23,322	33,129	13,479	5,029
50 Baht	5,681	10,344	8,627	11,803	4,949	14,790
10 Baht		5,905	14,695	21,326	8,530	19,819
Silver			229	183	6	-
Oil Futures			9	744	253	449
USD Futures				12,065	5,622	12,496
Sector Futures				5	-	-
<b>Investor Breakdown (%)</b>						
Local Institution	28%	33%	34%	39%	36%	36%
Local Investors	60%	57%	60%	53%	56%	55%
Foreign Investors	11%	10%	6%	8%	8%	9%
<b>Derivative Accounts</b>	<b>29,514</b>	<b>42,810</b>	<b>63,100</b>	<b>74,964</b>	<b>87,693</b>	<b>100,650</b>
Local Institution	990	1,116	1,487	1,712	1,811	1,975
Local Investors	27,812	39,562	58,230	72,133	84,633	97,330
Foreign Investors	469	714	1,005	1,119	1,249	1,345
<b>Members</b>	<b>41</b>	<b>41</b>	<b>41</b>	<b>41</b>	<b>42</b>	<b>42</b>
<b>Number of traders</b>	<b>4,347</b>	<b>4,584</b>	<b>5,367</b>	<b>5,576</b>	<b>6,225</b>	<b>7,753</b>



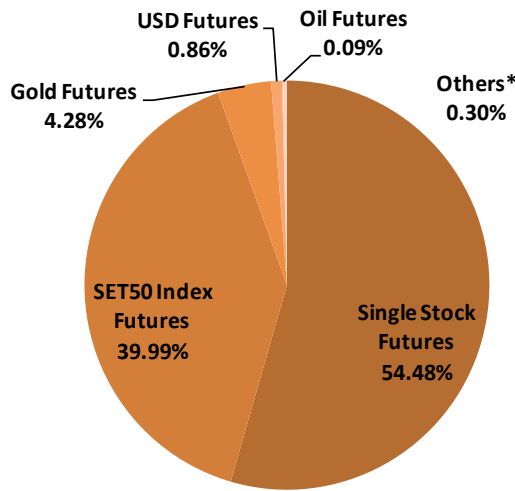
**TFEX Market Summary 2014**

The total trading volume for year 2014 reaches 36,021,150 contracts or an average of 147,025 contracts per day, an increase of 116 percent from the previous year where the average daily trading volume was only 68,017 contracts. The majority of the volume came from Single Stock Futures and SET50 Index Futures with their new contract specification that is smaller. The open interest at the end of year 2014 was at 918,187 contracts, an increase of 170 times from the previous year.



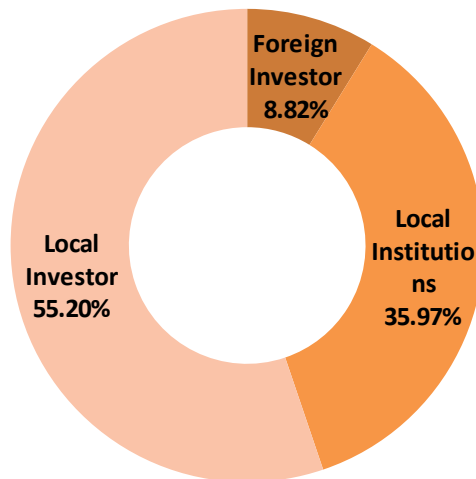
Single Stock Futures traded over 19,624,561 contracts or about 54.48% of the overall market. SET50 Index Futures came in second with a trading volume of 14,403,574 contracts or 39.98% of the overall market. Gold Futures trading volume was at 1,541,695 contracts or about 4.28% of the overall market and SET50 Index Options, Silver Futures, Interest Rate Futures and USD Futures accounted for the rest at 1.27%.

TFEX's Trading Volume by products



Investor profile for year 2014 consists mostly of retail investors which accounted for 55.20%, a decrease from last year which was at 56.03%. Foreign investor accounted for 8.82%, an increase from last year's figure which was at 8.05%. Lastly, local institution accounted for 35.97% of the total trading volume.

Investor Breakdown



The total number of derivatives account in 2014 reach over 100,650 accounts an increase of 12,957 accounts or 14.77% from the previous year.

The trading volume from the top 5 members accounted for 40.16% of the overall market share. They were KGI Securities (Thailand) PCL, Phatra Securities PCL, KASIKORN Securities PCL, KT ZMICO Securities Company Limited and Maybank Kim Eng Securities (Thailand) PCL respectively. There are a total of 42 members as of 2014.

Broker Ranking by trading volume in 2014

Rank	Broker	Broker Name	2014 (%)	2013 (%)	Change (%)
1	KGI	KGI Securities (Thailand) Public Company Limited	12.30	11.74	0.56
2	PHATR	Phatra Securities Public Company Limited	9.93	9.16	0.77
3	KS	Kasikom Securities Public Company Limited	6.43	2.46	3.97
4	KTZ	KT ZMICO Securities Company Limited	5.89	5.34	0.55
5	MBKET	Maybank Kim Eng Securities (Thailand) Public Company Limited	5.61	6.59	-0.98
6	BLS	Bualuang Securities Public Company Limited	4.28	2.86	1.42
7	CIMBS	CIMB Securities (Thailand) Company Limited	4.24	9.67	-5.43
8	RHBOS	RHB OSK Securities (Thailand) Public Company Limited	3.95	2.05	1.90
9	PST	Phillip Securities (Thailand) Public Company Limited	3.45	4.36	-0.91
10	SCBS	SCB Securities Company Limited	3.19	2.00	1.19
11	FSS	Finansia Syrus Securities Public Company Limited	3.17	2.89	0.28
12	GBS	Globlex Securities Company Limited	2.69	4.73	-2.04
13	TNITY	Trinity Securities Company Limited	2.65	3.80	-1.15
14	CS	Credit Suisse Securities (Thailand) Limited	2.62	1.71	0.91
15	MTSGF	MTS Gold Futures Co.,Ltd.	2.56	1.93	0.63
16	ASP	Asia Plus Group Holdings Securities Public Company Limited	2.43	3.14	-0.71
17	TNS	Thanachart Securities Public Company Limited	2.40	2.20	0.20
18	HGF	Hua Seng Heng Gold Futures Co.,Ltd.	2.18	2.00	0.18
19	JPM	JPMorgan Securities (Thailand) Limited	2.06	2.40	-0.34
20	UOBKH	UOB Kayhian Securities (Thailand) Public Company Limited	2.02	2.00	0.02
21	AWS	Asia Wealth Securities Company Limited	2.00	0.00	2.00
22	AEC	AEC Securities Public Company Limited	1.54	0.01	1.53
23	CNS	Capital Nomura Securities Public Company Limited	1.21	1.35	-0.14
24	CGF	Classic Gold Futures Co. Ltd.	1.16	3.01	-1.85
25	CGS	Country Group Securities Public Company Limited	1.13	2.66	-1.53
26	AIRA	Aira Securities Public Company Limited	0.99	0.65	0.34
27	AFC	Ausiris Futures Co.,Ltd.	0.97	1.20	-0.23
28	KKTRD	RADE Securities Company Limited	0.90	1.89	-0.99
29	KTBST	KTB Securities (Thailand) Company Limited	0.87	0.84	0.03
30	KSS	Krungsri Securities Public Company Limited	0.77	1.06	-0.29
31	YLG	YLG Bullion & Futures Co.,Ltd.	0.76	1.52	-0.76
32	APPLE	Apple Wealth Securities Public Company Limited	0.76	0.00	0.76

Rank	Broker	Broker Name	2014 (%)	2013 (%)	Change (%)
33	GTWM	GT Wealth Management Co.,Ltd.	0.73	0.86	-0.13
34	TISCO	TISCO Securities Company Limited	0.50	0.38	0.12
35	CLSAT	CLSA Securities (Thailand) Limited	0.48	0.27	0.21
36	DBSV	DBS Vickers Securities (Thailand) Company Limited	0.46	0.60	-0.14
37	UOBFT	UOB Bullion and Futures (Thai) Limited	0.41	0.40	0.01
38	UBS	UBS Securities (Thailand) Limited	0.27	0.27	0.00
39	IVG	I V Global Securities Public Company Limited	0.06	0.01	0.05
40	LHS	Land and Houses Securities Public Company Limited	0.00	0.001	0.00

Remark: In 2014, there are still 2 members which are still a dormant member. They are Finansa Securities Ltd. (FSL) and Merchant Partners Securities Public Company Limited (MPSEC).

## 4. Business Highlights 2014

### ◆ Product Development

In 2014, TFEX has made a lot of improvement to its core system to make sure that they will be able to handle their growing business. This includes increasing the trading hour which has given investor a longer time to trade and create an appropriate strategy. TFEX have also improve their existing services to better serve the needs of their investor.

- **Trading and Clearing system improvement**

On May 6<sup>th</sup> 2014, TFEX made changes to its trading system as well as Thailand Clearing House (TCH) which serves as a clearing house for all transactions on TFEX. The improvement to the trading and clearing system were done to prepare for the continued growth of the financial market in Thailand. As we can see, the trading volume of TFEX has been growing continually and exponentially since its inception date in 2006. The average trading volume in year 2006 was at 1,204 contracts per day and in 2014 the volume has grown to 147,025 contracts per day. TFEX has adopted a new trading system from Cinnober, who is one of the top leading independent provider of mission-critical solutions and services to major trading and clearing venues. This ensures that TFEX will be able to handle the increase in trading volume and also “High Frequency Trading” which is becoming ever more popular in the global market.

Investors will have a more flexible time to adjust their portfolio under the new trading hour improvement. The Afternoon Pre-Open time will be move up 15 minutes earlier from 14:00 – 14:30 to 13:45 – 14:15. This 15 minutes window in the afternoon will give investors the opportunity to manage their portfolio better and most importantly before the cash market resume trading which is at 14:30.

เพิ่มโอกาสทำกำไรใน  
ทุกสินค้า ใน TFEX

ปรับเวลาซื้อขาย  
ภาคบ่าย  
เร็วขึ้น 15 นาที

Pre-Open ภาคบ่าย  
13:45 - 14:15 น.

Afternoon Session  
14:15 - 16:55 น.\*

As for the improvement in the clearing system that was also upgraded with the trading system. TFEX adopted a system develop by Korea Exchange which is one of the top exchanges with the derivatives trading volume raking at the top. This new system will enhance TCH's ability to manage risk to an international standard and also increase business opportunity as the new system can be easily connected to other exchanges clearing houses. Furthermore, the new clearing system will now be able to handle more instruments type under the multi-market model and also able to clear in multi-currency.

- **Existing product adjustment**

- **SET50 Index Futures contract specifications adjustment**

SET50 Index Futures is the first derivatives instrument that was launch by TFEX in 2006 with an average daily trading volume of 161 contracts on its first trading day on April 28 2006. The SET50 Index was at 533.86 points at the time and the SET50 Index Futures was growing continually and by the end of 2013 the average daily trading volume was at 23,218 contracts. During the course, the SET50 Index rally to reach 1,000 points, doubling the contract value of the SET50 Index Futures.



With the growing index, TFEX have decided to adjust the contract specifications of the SET50 Index Futures. This is also done in many major derivatives exchanges around the world to better accommodate investors. With SET50 Index Futures, TFEX have met with all the relevance parties including members and investors to discuss about the best changes for the contract size of the SET50 Index Futures. It was concluded to reduce the multiplier to 200 Baht per index point. The new smaller mini SET50 Index Futures will start trading on May 6 2014, together with the new trading and clearing system. For investors having position in the old SET50 Index Futures contract, TFEX will automatically adjust their position with a 1:5 ratio.

- **Changes to the Basket of Eligible Bond for 5 Year Government Bond Futures**

TFEX has adopted the rules and regulations of the Thai Bond Market Association (ThaiBMA) that also required to consider the liquidity of each bond that financial institution are allowed to become Primary Dealer or are able to provide bid and offer prices. This additional rule will be put to use with the Basket of eligible bonds of the 5 Year Government Bond Futures or Bond Futures. Comparing to the old rules where only the maturity of the bonds that have to be between 4 – 6 years and the amount of outstanding value not to be less than 5,000 million Baht, the additional liquidity requirement from the ThaiBMA will make the Basket of eligible Bond more in line with bond market structures.

- **Delisting of 6M THBFX and Silver Futures due to the changes in the underlying asset**

The Bank of Thailand (BOT) and local bank and foreign bank had a meeting in early 2014 to discuss the calculation method of the THBFX. The THBFX is an interbank interest rate between major financial institutions and also is an underlying of the 6M THBFX Futures that is listed on TFEX. As the Monetary Authority of Singapore (MAS) will no longer announce the SIBOR rate which is one of the main component in calculating the THBFX. The LIBOR rate will instead be used to calculate the THBFX which has cause the delay in announcing the THBFX to 18:00 – 19:00. With this new timeframe, investors will no longer have information of the underlying asset to be able to trade 6M THBFX Futures during the day, and thus the 6M THBFX Futures will be delisted.

Furthermore, the London Silver Market Fixing Limited has announced that it will stop administering the silver fixing which will directly affect the Silver Futures listed on TFEF. And as Silver Futures will need the silver fixing to calculate the final settlement price, TFEF and its members have decided in everyone best interest that TFEF will delist Silver Futures.

- **Add on services for USD Future and Gold Futures**

Apart from the changes in the contract specification, TFEF also created a value added service for investors who needs the actual underlying asset such as USD Futures and Gold Futures to be able to receive the underlying asset.

For USD Futures, the new service was created by the cooperation between TFEF and Krung Thai Bank (KTB) to allow investors of USD Futures to be able to exchange for the actual USD dollars. This service is intended



to facilitate the real sector such as exporter and importer who needs USD dollars for actual hedging. This service began on March 2014.

For Gold Futures, investors who want to obtain actual gold bar after trading gold futures may now do so with this new service. Investors can now obtain actual gold bar from the 7 gold members after the gold futures contract have expired. Investors who have position in both the 10-Baht Gold Futures and 50-Baht Gold Futures can contact such members

and following the required procedure, they can purchase or sell gold bar with prices close to the final settlement price of expired gold futures contract.

Investors can choose from the following 7 gold members to use the gold futures exchange services

1. Globex Securities Company Limited
2. Classic Gold Futures Company Limited
3. GT Gold Bullion Company Limited
4. YLG Gold Company Limited
5. Ausiris Company Limited
6. MTS Gold Company Limited
7. Hua Seng Heng Commoditas Company Limited



This service will be available from the August expiration gold futures series.

- ◆ **Expanding trading channel**

- **New Members**

During 2014, TFEF accepted 2 new members. They are Apple Wealth Securities PCL and Land and Houses Securities PCL. Both of these new members are full members meaning they can trade every instruments listed on TFEF except USD Futures which a member will need a special license from the BOT. As of 2014, there are



a total of 42 members, where 31 members are full members and can trade USD Futures and another 9 members who cannot trade USD Futures. And there are 2 dormant members in 2014.

- **Expanding trading channels in TFEX**

Due to the increase in trading volume during the year 2014, there were many new Independent Software Vendors (ISV) that are ready to connect with TFEX. ISV is considered a crucial part in supporting TFEX business. With more ISV, members will have a wider choice in selecting how to they wish to connect with TFEX. There were 4 new ISV that pass the conformance test and are now ready to connect with TFEX, they are; IT Element Company Limited, Serisys Solutions (Thailand) ,N2N Connect and Horizon Software Bangkok. As of 2014, there are a total of 13 ISV which is capable of connecting with both local and foreign client. This will help TFEX expand their client base more easily.

- ◆ **Marketing Campaign**

This year the marketing campaign focuses mainly on educating investors about derivatives instrument and also training the brokers to be better equipped with derivatives knowledge. We use a number of aggressive strategy as well as online media to reach a far wider audience. This year TFEX and its members came together to host a series of event aiming to educate not just investors but also the broker themselves with both theatrical and practical knowledge. With online media, we were able to reach audience located not only in Bangkok but also in the outskirt of Thailand. All events can be view anytime online at TFEX's website.

1. **Education and Events**

TFEX hosted as many as 105 events throughout the year with a total participant of 15,050 people. The event aim is to get investor to be more familiar with derivatives instrument and also teaches a technical approach to trading. TFEX hosted the following events:

- 1.1 **TFEX Challenge Academy**

TFEX Challenge Academy is an intensive course aiming to prepare investor from basic to advance in both the fundamental and technical knowledge of derivative trading. During the program, there is a series of seminar and practical classes given by professional in their respective field. In 2014, there are 3 round with each round having about 250 – 300 participants.

- 1.2 **TFEX Technical class**

We know that technical analysis is a key part in being successful in trading derivatives product. During 2014, TFEX and its members have



co-hosted many seminars about how to trade futures and options using technical analysis. We host a seminar through



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the event called TFEX Open House, TFEX Futures Day, and TFEX Workshop. We have also invited successful trader to speak and share their techniques on how to trade futures. There is a seminar that is design to teach the most basic and all the way to advance technical analysis. There were a total of 62 classes spread out during February, April, August, October and November.

### 1.3 TFEX Derivatives Star Team

TFEX Derivatives Star Team is a joint program between TFEX and Thailand Securities Institute (TSI). The aim of this program is to create new professional and investor who truly understand the nature of derivatives product. We targeted undergraduate and graduate student from all fields of study to prepare them before entering the financial world. Participant will get to observe and visit brokers to learn what working in the financial industry entails. Furthermore, participants will get to practice trading using a trading simulator called “Click2Win” and at the end of the program, participants will be divided into group which they will need to give a presentation on various scenario to test their creativity, problem solving and presentation skills.

### 1.4 Investment Expo

Another popular yearly event that The Stock Exchange of Thailand (SET) host is the yearly expo in both Bangkok and other major rural cities around Thailand. The expo is a massive informational hub about all your financial needs including stock, derivatives, bonds, insurance, mutual funds and many more. These events are:

- SET in the City : Bangkok
- SET-TFEX-MC: Chiangrai and Udonthani
- Money Expo : Bangkok, Hatyai, Pattaya, Korat, Udonthani and Chiangmai
- SET-TFEX Investor Online Fair : Bangkok
- Events from Thailand Securities Institute (TSI) including seminar at SET and online media

### 1.5 Teaching real sectors how to benefit from USD Futures

Since the launch of USD Futures in 2012, TFEX have been educating SMEs on how to hedge and control their exchange rate risk using USD Futures. This is a joint program between TFEX, The Bank of Thailand (BOT), Thai National Shipper’s Council, Thai Chamber of Commerce, The Federation of Thai Industries, Ministry of Commerce, Ministry of Agriculture and Cooperatives and Krungthai Bank. There were a total of 5 seminars in both Bangkok and other countries throughout Thailand. The total number of participant were 1,050 people.

### 1.6 Train the trainer

We understand that investors themselves are the decision maker of all trades. But we also understand the importance of marketing personnel from the broker’s side. Having good marketing personnel to explain correctly about futures and options can help investor gain a deeper understanding of futures trading. TFEX and TSI have host various seminars aiming at teaching brokers and proprietary trader to gain a better understanding about TFEX. We have also invite professional speakers from overseas to share their experience from trading in other exchanges. TFEX hosted a total of 7 seminars with a total of 600 people.

### 1.7 Media coverage

TFEX also have weekly columns and blogs through various print advertisement and online media such as:

- Booklet, Brochure and informational factsheet
- Weekly column about various topic of TFEX in major newspaper and online media. For example: Bangkok Biz News, Prachachat, Post Today, Thunhoon, Kaohoon, and Bangkok Post.
- Short informational animation video explaining various topics about TFEX through online social media and television
- Continually promote products and events through newspaper, social media, magazine, and television
- Keeping TFEX's website up to date with the correct information and upcoming events
- Distribute daily, weekly, and monthly statistics through newspaper, website, and magazine. For example: Bangkok Post, Post Today, Bangkok Biz News, Money & Wealth, Thunhoon, and Money and Banking.

## 2. Foreign exposure and awareness

Foreign investors are considered a very important part in TFEX. Having a diverse group of investor in a market is always desirable. We have continued to expand our foreign investor base by attending global derivatives investment expo. We have also been a speaker at those events and we use those opportunities to create awareness about TFEX. Some of those events are Futures Industry Association (FIA) and Futures & Options Expo at Chicago, Futures and Options World (FOW) at Hongkong, FIA Derivatives Conference at Singapore, and the annual Association of Futures market at Indonesia.

Not only we attend those events, we use those opportunities while we are overseas to make a one-on-one visit to our client and potential client overseas. These sessions are usually in a form of a business meeting where we go and introduce ourselves and present about our products. We also visit our old client to listen to any difficulties they may be experiencing in accessing Thailand market. All of the information we gather are then relay to the corresponding parties in Thailand where they can adjust and accommodate any issues our Foreign investors may have.

## 3. Promotion and Incentive Schemes

We also have various promotions to our members as an incentive schemes such as "TFEX Prop-Trading Champion" which is a promotion design for proprietary trader to become more active. This promotion aims to create more business for TFEX and to encourage members to participate in proprietary trading which we believe will make traders better. Another promotion is called "TFEX Top IC Reward Program" which is aiming at creating new investors through our members. Marketing personnel of members or Investment Consultant (IC) are directly responsible for finding and getting new investors.

Furthermore, to create momentum in the newly adjusted SET50 Index Futures contract, we create a competition and reward the members with the most trading volume in SET50 Index Futures.

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## 5. Financial Statement

### 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 2014, 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 2014, 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

17 February 2015

## Thailand Futures Exchange Public Company Limited

## Statement of Financial Position

As at 31 December 2014

		2014	2013
	Notes	Baht'000	Baht'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	20,910	17,240
Accounts receivable and accrued income, net	6, 8	42,722	60,134
Accrued interest receivable		257	440
Short-term loans to the parent	6	100,000	130,000
Other current assets	9	13,538	10,132
<b>Total current assets</b>		<b>177,427</b>	<b>217,946</b>
<b>Non-current assets</b>			
Equipment, net	10	-	28
Intangible assets, net	11	27	58
Derivatives Investor Protection Fund	17	65,273	58,954
<b>Total non-current assets</b>		<b>65,300</b>	<b>59,040</b>
<b>Total assets</b>		<b>242,727</b>	<b>276,986</b>

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 2014

	Notes	2014 Baht'000	2013 Baht'000
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Accounts payable and accrued expenses	6	27,438	21,757
Unearned revenues		37,985	51,377
Other current liabilities		156	162
<b>Total current liabilities</b>		<b>65,579</b>	<b>73,296</b>
<b>Non-current liabilities</b>			
Contributions and benefits to			
Derivatives Investor Protection Fund	17	13,083	7,961
<b>Total liabilities</b>		<b>78,662</b>	<b>81,257</b>
<b>Shareholders' equity</b>			
Share capital			
Authorised share capital			
10,000,000 ordinary shares, at par value			
of Baht 10 each			
		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
Derivatives Investor Protector Fund	17	52,190	50,993
Retained earnings			
Appropriated - Legal reserve			
	12	10,000	10,000
Unappropriated			
		1,875	34,736
<b>Total shareholders' equity</b>		<b>164,065</b>	<b>195,729</b>
<b>Total liabilities and shareholders' equity</b>		<b>242,727</b>	<b>276,986</b>

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 2014

	Notes	2014 Baht'000	2013 Baht'000
<b>Revenues</b>			
Trading fees		230,703	355,276
Membership fees		34,980	50,414
Information service fees	6	15,857	13,902
Interest income	6	3,094	4,335
Other income		1,781	2,552
<b>Total revenues</b>		<b>286,415</b>	<b>426,479</b>
<b>Expenses</b>			
Administrative expenses	6, 13	281,653	380,906
Directors' remuneration		1,718	768
<b>Total expenses</b>		<b>283,371</b>	<b>381,674</b>
<b>Revenues over expenses</b>		<b>3,044</b>	<b>44,805</b>
<b>Non-operating items</b>			
Income derived from Derivatives Investor Protection Fund, net	17	1,431	1,086
<b>Profit before income tax expense</b>		<b>4,475</b>	<b>45,891</b>
Income tax expense	14	(1,169)	(8,961)
<b>Profit for the year</b>		<b>3,306</b>	<b>36,930</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>3,306</b>	<b>36,930</b>
<b>Earnings per share</b>			
Basic earnings per share (Baht)	15	0.33	3.69

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 2014

	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
<b>Opening balance at 1 January 2013</b>		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 of Member's portion						
- Derivatives Investor Protection Fund		-	(93)	-	-	(93)
Legal reserve	12	-	-	1,298	(1,298)	-
Dividend paid	16	-	-	-	(7,500)	(7,500)
<b>Closing balance at 31 December 2013</b>		<u>100,000</u>	<u>50,993</u>	<u>10,000</u>	<u>34,736</u>	<u>195,729</u>
<b>Opening balance at 1 January 2014</b>		100,000	50,993	10,000	34,736	195,729
Total comprehensive income for the year		-	1,431	-	1,875	3,306
Contributions and benefits of Member's portion						
- Derivatives Investor Protection Fund		-	(234)	-	-	(234)
Dividend paid	16	-	-	-	(34,736)	(34,736)
<b>Closing balance at 31 December 2014</b>		<u>100,000</u>	<u>52,190</u>	<u>10,000</u>	<u>1,875</u>	<u>164,065</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 2014

	Notes	2014 Baht'000	2013 Baht'000
<b>Cash flows from operating activities</b>			
Profit before income tax expense		4,475	45,891
Adjustments for:			
Depreciation	10	28	33
Amortisation	11	31	33
Interest income		(3,094)	(4,335)
Allowance for doubtful accounts		-	(110)
Income derived from			
Derivatives Investor Protection Fund, net	17	(1,431)	(1,086)
Operating profit before changes in operating assets and liabilities		9	40,426
(Increase) decrease in operating assets			
Accounts receivable and accrued income		17,412	6,619
Other current assets		(3,406)	(3,148)
Derivatives Investor Protection Fund		(6,965)	(58,498)
Increase (decrease) in operating liabilities			
Accounts payable and accrued expenses		5,681	(17,998)
Unearned revenues		(13,392)	(9,214)
Other current liabilities		(6)	(17)
Contributions and benefits to			
Derivatives Investor Protection Fund		5,122	7,961
Cash flows generated from (used in) operations		4,455	(33,869)
<u>Less</u> Income tax paid		(1,169)	(8,939)
<b>Net cash generated from (used in) operating activities</b>		<b>3,286</b>	<b>(42,808)</b>

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 2014

	Notes	2014 Baht'000	2013 Baht'000
<b>Cash flows from investing activities</b>			
Interest received		3,277	4,176
Proceeds from disposals of short-term investments		-	5,000
Repayment of short-term loans to the parent	6	30,000	50,000
Benefits received from Derivatives Investor Protection Fund		1,843	537
<b>Net cash generated from investing activities</b>		<b>35,120</b>	<b>59,713</b>
<b>Cash flows from financing activities</b>			
Dividends paid	16	(34,736)	(7,500)
<b>Net cash used in financing activities</b>		<b>(34,736)</b>	<b>(7,500)</b>
<b>Net increase in cash and cash equivalents</b>		<b>3,670</b>	<b>9,405</b>
Opening balance		17,240	7,835
<b>Closing balance</b>	7	<b>20,910</b>	<b>17,240</b>

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 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 17 February 2015.

## **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.

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.

## 2 Accounting policies (Cont'd)

### 2.2 Revised accounting standards and revised financial reporting standards

- 1) Revised accounting standards which are effective on 1 January 2014 and are relevant to the Company:

TAS 7 (revised 2012)                      Statement of cash flows

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) New financial reporting standards and revised accounting standards, revised financial reporting standards are effective on 1 January 2015. These standards are relevant to the Company and are not early adopted:

TFRS 13    Fair value measurement

TFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across TFRSs. 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.

- 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 Accounting policies (Cont'd)

### 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 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.

### 2.6 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.

## **2 Accounting policies (Cont'd)**

### **2.7 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.

### **2.8 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.

### **2.9 Accounts payable and accrued expenses**

Accounts payable and accrued expenses are stated at cost.

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## 2 Accounting policies (Cont'd)

### 2.10 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.

### 2.11 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.

### 2.12 Expenses

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

### 2.13 Directors' remuneration

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

### 2.14 Dividend payment

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

## 2 Accounting policies (Cont'd)

### 2.15 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 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.

### **3 Financial risk management (Cont'd)**

#### **Financial risk factors (Cont'd)**

##### **3.1 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.



**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 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.

**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 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.

**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, 100% shareholding, all directors are representatives of the parent
SETTRADE.COM Company Limited	Thailand	Related party and is controlled by the parent

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

Transaction	Pricing policy
Service income	Contractually agreed price
Interest income	With reference to the return of one-year bond
Fee and service expenses	Cost plus margin

**6 Related party transactions (Cont'd)**

Transactions with related parties for the years ended 31 December 2014 and 2013 and balances as at 31 December 2014 and 2013 were as follows:

**6.1 Service income**

		<b>2014</b>	<b>2013</b>
	<u>Nature of relationships</u>	<u>Baht'000</u>	<u>Baht'000</u>
Information service fees	Related party	684	-

**6.2 Interest income**

		<b>2014</b>	<b>2013</b>
	<u>Nature of relationships</u>	<u>Baht'000</u>	<u>Baht'000</u>
Interest income	The parent	2,527	3,495

**6.3 Fee and service expenses**

		<b>2014</b>	<b>2013</b>
	<u>Nature of relationships</u>	<u>Baht'000</u>	<u>Baht'000</u>
Fee and service expenses	The parent	273,812	375,508

**6.4 Short-term loans to the parent**

	<u>Interest rate</u>		<b>2014</b>	<b>2013</b>
	<u>2014</u>	<u>2013</u>	<u>Baht'000</u>	<u>Baht'000</u>
	<u>% per annum</u>	<u>% per annum</u>		
Short-term loans to the parent	2.25 - 2.70	2.50 - 2.70	100,000	130,000

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 2014 and 2013 were as follows:

	<b>2014</b>	<b>2013</b>
	<u>Baht'000</u>	<u>Baht'000</u>
Opening balance	130,000	180,000
Repayment	(30,000)	(50,000)
Closing balance	100,000	130,000

**6 Related party transactions (Cont'd)**

Transactions with related parties for the years ended 31 December 2014 and 2013 and balances as at 31 December 2014 and 2013 were as follows: (Cont'd)

**6.5 Outstanding balance arising from render of services**

		<b>2014</b>	<b>2013</b>
	<u>Nature of relationships</u>	<u>Baht'000</u>	<u>Baht'000</u>
Accrued income	Related party	684	-
Accrued expenses	The parent	27,190	21,545

**7 Cash and cash equivalents**

	<b>2014</b>	<b>2013</b>
	<u>Baht'000</u>	<u>Baht'000</u>
Cash on hand	-	3
Saving and current accounts	20,910	17,237
	<u>20,910</u>	<u>17,240</u>

For the year ended 31 December 2014, saving accounts carried interest at rates ranging from 0.50% - 1.65% per annum (2013: from 0.50% - 2.15% per annum).

**8 Accounts receivable and accrued income, net**

	<b>2014</b>	<b>2013</b>
	<u>Baht'000</u>	<u>Baht'000</u>
Accounts receivable	1,500	659
Accrued income	41,222	59,475
	<u>42,722</u>	<u>60,134</u>

Aging analyses for accounts receivable are as follows:

	<b>2014</b>	<b>2013</b>
	<u>Baht'000</u>	<u>Baht'000</u>
<b>Other parties</b>		
Within credit terms	1,417	211
Overdue:		
Less than 3 months	83	447
3 - 6 months	-	1
	<u>1,500</u>	<u>659</u>

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

## 9 Other current assets

	2014 Baht'000	2013 Baht'000
Withholding tax receivable	11,632	7,424
VAT receivable	1,570	2,300
Others	336	408
	<u>13,538</u>	<u>10,132</u>

## 10 Equipment, net

	Furniture, fixtures and equipment Baht'000
<b>As at 1 January 2013</b>	
Cost	629
<u>Less</u> Accumulated depreciation	<u>(568)</u>
Net book amount	<u>61</u>
<b>For the year ended 31 December 2013</b>	
Opening net book amount	61
Depreciation charge	<u>(33)</u>
Net book amount	<u>28</u>
<b>As at 31 December 2013</b>	
Cost	629
<u>Less</u> Accumulated depreciation	<u>(601)</u>
Net book amount	<u>28</u>
<b>For the year ended 31 December 2014</b>	
Opening net book amount	28
Depreciation charge	<u>(28)</u>
Net book amount	<u>-</u>
<b>As at 31 December 2014</b>	
Cost	629
<u>Less</u> Accumulated depreciation	<u>(629)</u>
Net book amount	<u>-</u>

11 Intangible assets, net

	<b>Computer software Baht'000</b>
	<u>                    </u>
<b>As at 1 January 2013</b>	
Cost	352
<u>Less</u> Accumulated amortisation	<u>(261)</u>
Net book amount	<u>91</u>
<b>For the year ended 31 December 2013</b>	
Opening net book amount	91
Amortisation charge	<u>(33)</u>
Net book amount	<u>58</u>
<b>As at 31 December 2013</b>	
Cost	352
<u>Less</u> Accumulated amortisation	<u>(294)</u>
Net book amount	<u>58</u>
<b>For the year ended 31 December 2014</b>	
Opening net book amount	58
Amortisation charge	<u>(31)</u>
Net book amount	<u>27</u>
<b>As at 31 December 2014</b>	
Cost	352
<u>Less</u> Accumulated amortisation	<u>(325)</u>
Net book amount	<u>27</u>

12 Legal reserve

	<b>2014 Baht'000</b>	<b>2013 Baht'000</b>
	<u>                    </u>	<u>                    </u>
Opening balance	10,000	8,702
Appropriation during the years	<u>-</u>	<u>1,298</u>
Closing balance	<u>10,000</u>	<u>10,000</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.

**13 Expense by nature**

	<b>2014</b>	<b>2013</b>
	<b>Baht'000</b>	<b>Baht'000</b>
Management fees	273,812	375,508
SEC fees	2,000	2,000
Professional fees	1,411	1,677
Marketing expenses	566	381
Depreciation and amortisation (Note 10, 11)	59	66
Others	3,805	1,274
	<u>281,653</u>	<u>380,906</u>

**14 Income tax expense**

	<b>2014</b>	<b>2013</b>
	<b>Baht'000</b>	<b>Baht'000</b>
<b>Current income tax:</b>		
Current income tax	1,169	8,939
Total current income tax	<u>1,169</u>	<u>8,939</u>
<b>Deferred income tax:</b>		
Origination and reversal of temporary differences	-	22
Total deferred income tax	<u>-</u>	<u>22</u>
Total income tax expense	<u><u>1,169</u></u>	<u><u>8,961</u></u>

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:

	<b>2014</b>	<b>2013</b>
	<b>Baht'000</b>	<b>Baht'000</b>
Profit before income tax expense	3,044	44,805
Tax calculated at a tax rate of 20% (2013: 20%)	609	8,961
Expenses not deductible for tax purposes	560	-
Current income tax	<u>1,169</u>	<u>8,961</u>

The weighted average applicable tax rate was 38.39% (2013: 20%).

## 15 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.

	<u>2014</u>	<u>2013</u>
Profit attributable to shareholders (Baht'000)	3,306	36,930
Weighted average number of ordinary shares in issue during the year (Shares'000)	10,000	10,000
Basic earnings per share (Baht per share)	0.33	3.69

There are no potential dilutive ordinary shares in issue for the years ended 31 December 2014 and 2013.

## 16 Dividends

At the annual shareholders meeting held on 22 April 2014, the shareholders approved an appropriation of a dividend from the profit for the year ended 31 December 2013 of Baht 3.4736 per share for 10 million ordinary shares, amounting to Baht 34.74 million. The dividend was paid during 2014.

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.

## 17 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 2014, there were 42 DIPF members from security companies (2013: 41 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.



## 17 Derivatives Investor Protection Fund (Cont'd)

The statement of financial position of the DIPF as at 31 December 2014 and 2013 which are included in the Company's financial statements are as follows:

	2014 Baht'000	2013 Baht'000
<b>Assets</b>		
<b>Current assets</b>		
Cash deposits and short-term investments	64,008	57,622
Contributions from members	545	354
Accrued interest receivable	720	978
<b>Total current assets</b>	<u>65,273</u>	<u>58,954</u>
<b>Liabilities and fund balances</b>		
<b>Current liabilities</b>		
Other current liabilities	336	267
<b>Total current liabilities</b>	<u>336</u>	<u>267</u>
<b>Non-current liabilities</b>		
Contributions from members	12,421	7,601
Benefits on contributions from members	326	93
<b>Total non-current liabilities</b>	<u>12,747</u>	<u>7,694</u>
<b>Total liabilities</b>	<u>13,083</u>	<u>7,961</u>
<b>Fund balances</b>		
Initial fund	50,000	50,000
Benefits on contributions from the Company	2,190	993
<b>Total fund balances</b>	<u>52,190</u>	<u>50,993</u>
<b>Total liabilities and fund balances</b>	<u>65,273</u>	<u>58,954</u>

**17 Derivatives Investor Protection Fund (Cont'd)**

The statement of revenues and expenses of the DIPF which are included as parts of the statement of comprehensive income for the year ended 31 December 2014 and 2013 are as follows:

	<b>Member's portion Baht'000</b>	<b>TFEX's portion Baht'000</b>	<b>Total Baht'000</b>
<b>For the year ended 31 December 2014</b>			
<b>Revenues</b>			
Interest income	318	1,633	1,951
<b>Total revenues</b>	<b>318</b>	<b>1,633</b>	<b>1,951</b>
<b>Expenses</b>			
Operating expenses	26	137	163
<b>Total expenses</b>	<b>26</b>	<b>137</b>	<b>163</b>
<b>Revenues over expenses before income tax expense</b>	<b>292</b>	<b>1,496</b>	<b>1,788</b>
Income tax expense	(58)	(299)	(357)
<b>Revenues over expenses for the year</b>	<b>234</b>	<b>1,197</b>	<b>1,431</b>
Other comprehensive revenues and expenses	-	-	-
<b>Total comprehensive revenues and expenses for the year</b>	<b>234</b>	<b>1,197</b>	<b>1,431</b>
	<b>Member's portion Baht'000</b>	<b>TFEX's portion Baht'000</b>	<b>Total Baht'000</b>
<b>For the year ended 31 December 2013</b>			
<b>Revenues</b>			
Interest income	126	1,392	1,518
<b>Total revenues</b>	<b>126</b>	<b>1,392</b>	<b>1,518</b>
<b>Expenses</b>			
Operating expenses	10	151	161
<b>Total expenses</b>	<b>10</b>	<b>151</b>	<b>161</b>
<b>Revenues over expenses before income tax expense</b>	<b>116</b>	<b>1,241</b>	<b>1,357</b>
Income tax expense	(23)	(248)	(271)
<b>Revenues over expenses for the year</b>	<b>93</b>	<b>993</b>	<b>1,086</b>
Other comprehensive revenues and expenses	-	-	-
<b>Total comprehensive revenues and expenses for the year</b>	<b>93</b>	<b>993</b>	<b>1,086</b>

## **18 Contingent liabilities**

On 6 January 2014, the Company was claimed in a civil lawsuit as joint defendant, together with other individuals and juristic persons/entities, related to the performance of certain investment consultant from member which caused damage to the plaintiff. The plaintiff was seeking that alleged damages be jointly responsible for compensation totalling Baht 0.96 million. On 12 November 2014, the case was dismissed by civil court. On 9 December 2014, the plaintiff filed petitions to the appeal court.

As at 31 December 2014, the Company was in the process of filing petitions to withdraw the appeal. The outcome of the case had not currently been finalised. Therefore, the Company did not record any potential loss in the financial statements for the year ended 31 December 2014



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