



TFEX

Financial Report 2015

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 2015, 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 2015, and its results of operations and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



Unakorn Phruithithada
Certified Public Accountant (Thailand) No. 3257
PricewaterhouseCoopers ABAS Ltd.

Bangkok
17 February 2016

**THAILAND FUTURES EXCHANGE PUBLIC
COMPANY LIMITED**

STATUTORY FINANCIAL STATEMENTS

31 DECEMBER 2015

Thailand Futures Exchange Public Company Limited
Statement of Financial Position
As at 31 December 2015

	Notes	2015 Baht'000	2014 Baht'000
Assets			
Current assets			
Cash and cash equivalents	7	14,404	20,910
Accounts receivable and accrued income, net	6, 8	34,130	42,722
Accrued interest receivable		182	257
Short-term loans to the parent	6	175,000	100,000
Other current assets	9	<u>12,361</u>	<u>13,538</u>
Total current assets		<u>236,077</u>	<u>177,427</u>
Non-current assets			
Equipment, net	10	-	-
Intangible assets, net	11	4	27
Derivatives Investor Protection Fund	17	<u>73,256</u>	<u>65,273</u>
Total non-current assets		<u>73,260</u>	<u>65,300</u>
Total assets		<u><u>309,337</u></u>	<u><u>242,727</u></u>

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 2015

	Notes	2015 Baht'000	2014 Baht'000
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued expenses	6	31,165	27,438
Unearned revenues		25,392	37,985
Income tax payable		5,389	-
Other current liabilities		143	156
Total current liabilities		<u>62,089</u>	<u>65,579</u>
Non-current liabilities			
Contributions and benefits to Derivatives Investor Protection Fund	17	<u>19,980</u>	<u>13,083</u>
Total liabilities		<u>82,069</u>	<u>78,662</u>
Shareholders' equity			
Share capital			
Authorised share capital			
10,000,000 ordinary shares, at par value of Baht 10 each		<u>100,000</u>	<u>100,000</u>
Issued and fully paid-up share capital			
10,000,000 ordinary shares, fully paid-up of Baht 10 each		100,000	100,000
Derivatives Investor Protector Fund	17	53,276	52,190
Retained earnings			
Appropriated - Legal reserve	12	10,000	10,000
Unappropriated		<u>63,992</u>	<u>1,875</u>
Total shareholders' equity		<u>227,268</u>	<u>164,065</u>
Total liabilities and shareholders' equity		<u>309,337</u>	<u>242,727</u>

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 2015

	Notes	2015 Baht'000	2014 Baht'000
Revenues			
Trading fees		295,071	230,703
Membership fees		34,000	34,980
Information service fees	6	31,190	15,857
Interest income	6	3,203	3,094
Other income	6	3,044	1,781
Total revenues		366,508	286,415
Expenses			
Administrative expenses	6, 13	284,443	281,653
Directors' remuneration		2,075	1,718
Total expenses		286,518	283,371
Revenues over expenses		79,990	3,044
Non-operating items			
Income derived from Derivatives Investor Protection Fund, net	17	1,407	1,431
Profit before income tax expense		81,397	4,475
Income tax expense	14	(15,998)	(1,169)
Profit for the year		65,399	3,306
Other comprehensive income		-	-
Total comprehensive income for the year		65,399	3,306
Earnings per share			
Basic earnings per share (Baht)	15	6.54	0.33

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 2015

	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 2014		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)
Closing balance at 31 December 2014		<u>100,000</u>	<u>52,190</u>	<u>10,000</u>	<u>1,875</u>	<u>164,065</u>
Opening balance at 1 January 2015		100,000	52,190	10,000	1,875	164,065
Total comprehensive income for the year		-	1,407	-	63,992	65,399
Contributions and benefits of Member's portion						
- Derivatives Investor Protection Fund		-	(321)	-	-	(321)
Dividend paid	16	-	-	-	(1,875)	(1,875)
Closing balance at 31 December 2015		<u>100,000</u>	<u>53,276</u>	<u>10,000</u>	<u>63,992</u>	<u>227,268</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 2015

	Notes	2015 Baht'000	2014 Baht'000
Cash flows from operating activities			
Profit before income tax expense		81,397	4,475
Adjustments for:			
Depreciation	10	-	28
Amortisation	11	23	31
Interest income		(3,203)	(3,094)
Income derived from			
Derivatives Investor Protection Fund, net	17	(1,407)	(1,431)
Operating profit before changes in operating assets and liabilities		76,810	9
(Increase) decrease in operating assets			
Accounts receivable and accrued income		8,592	17,412
Other current assets		1,177	(3,406)
Derivatives Investor Protection Fund		(8,343)	(6,965)
Increase (decrease) in operating liabilities			
Accounts payable and accrued expenses		3,727	5,681
Unearned revenues		(12,593)	(13,392)
Other current liabilities		(13)	(6)
Contributions and benefits to			
Derivatives Investor Protection Fund		6,897	5,122
Cash flows generated from operations		76,254	4,455
<u>Less</u> Income tax paid		(10,609)	(1,169)
Net cash generated from operating activities		65,645	3,286

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 2015

	Notes	2015 Baht'000	2014 Baht'000
Cash flows from investing activities			
Interest received		3,278	3,277
Addition of short-term loans to the parent	6	(75,000)	-
Repayment of short-term loans to the parent	6	-	30,000
Benefits received from Derivatives Investor Protection Fund		1,446	1,843
Net cash generated from (used in) investing activities		<u>(70,276)</u>	<u>35,120</u>
Cash flows from financing activities			
Dividends paid	16	(1,875)	(34,736)
Net cash used in financing activities		<u>(1,875)</u>	<u>(34,736)</u>
Net increase (decrease) in cash and cash equivalents		(6,506)	3,670
Opening balance		<u>20,910</u>	<u>17,240</u>
Closing balance	7	<u><u>14,404</u></u>	<u><u>20,910</u></u>

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 2015

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 93 Floor 16, Ratchadapisek Road, Kwaeng Din Daeng, Khet Din Daeng, Bangkok 10400.

These financial statements were authorised for issue by the management on 17 February 2016.

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 New financial reporting standards and revised financial reporting standards

1) 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.

a) Financial reporting standards, which have a significant impact to the Company:

TAS 1 (revised 2014)	Presentation of financial statements
TAS 16 (revised 2014)	Property, plant and equipment
TAS 27 (revised 2014)	Separate financial statements
TFRS 13	Fair value measurement

TAS 1 (revised 2014), the main change is that a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. The Company has already grouped and presented items in statement of comprehensive income following the changes in this standard.

TAS 16 (revised 2014) indicates that spare part, stand-by equipment and servicing equipment are recognised as PPE when they meet the definition of PPE. Otherwise, such items are classified as inventory. This standard has no impact to the Company.

TAS 27 (revised 2014) provide the requirements relating to separate financial statements.

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, except for disclosures.

b) Financial reporting standards with minor changes and do not have impact to the Company are as follows:

There are 41 financial reporting standards with minor changes. The management assesses that they do not have an impact to the Company's financial statements.

2 Accounting policies (Cont'd)

2.2 New financial reporting standards and revised financial reporting standards (Cont'd)

2) New financial reporting standards, revised accounting standards and revised financial reporting standards are effective on 1 January 2016. These standards are relevant to the Company and are not early adopted:

a) Financial reporting standards, which have a significant impact to the Company:

TAS 16 (revised 2015)	Property, plant and equipment
TAS 24 (revised 2015)	Related party disclosures
TAS 36 (revised 2015)	Impairment of assets
TAS 38 (revised 2015)	Intangible assets
TFRS 13 (revised 2015)	Fair value measurement

TAS 16 (revised 2015), 'Property, plant and equipment' clarifies how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.

TAS 24 (revised 2015), 'Related party disclosures' includes as a related party an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required.

TAS 36 (revised 2015), 'Impairment of assets' is amended to provide additional disclosure requirement when the recoverable amount of the assets is measured at fair value less costs of disposal. The disclosures include 1) the level of fair value hierarchy, 2) when fair value measurement categorised within level 2 and level 3, disclosures is required for valuation technique and key assumption.

TAS 38 (revised 2015), 'Intangible assets' is amended to clarify how the gross carrying amount and the accumulated amortisation are treated where an entity uses the revaluation model.

TFRS 13 (revised 2015), 'Fair value measurement' is amended to clarify that the portfolio exception in TFRS 13 applies to all contracts (including non-financial contracts) within the scope of TAS 39 (when announced) or IFRS 9 (when announced).

The management is currently assessing the impact of these financial reporting standards.

b) Financial reporting standards with minor changes and do not have impact to the Company are as follows:

There are 40 financial reporting standards with minor changes. The management is currently assessing the impact of these financial reporting standards.

2 Accounting policies (Cont'd)

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.

2.4 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 that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets.

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 intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale; and are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the statement of financial position date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.

2 Accounting policies (Cont'd)

2.5 Investments (Cont'd)

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

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

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.

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 Accounting policies (Cont'd)

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.

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 Accounting policies (Cont'd)

2.9 Impairment

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

2.10 Accounts payable and accrued expenses

Accounts payable and accrued expenses are stated at cost.

2.11 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 five years starting from the first day on which the service is rendered for security companies who provided initial support and for security companies subscribed from 2015 onward, the initial fee are recognised as revenue in the commencing. Annual fees are recognised upon performance of services.

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

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

2 Accounting policies (Cont'd)

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.

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 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 and liquidity risk. The Company has risk management plan which maintains the working capital for its operation. The excess of working capital will be lent to the parent. The interest rate on the loan is based on the floating market interest rate which is referred to the higher interest rate for one-year government bond or one-year fixed deposit on average of 4 banks for corporate credit line of up to Baht 10 million.

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 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.

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	The interest rate on the loan is based on the floating market interest rate which is referred to the higher interest rate for one-year government bond or one-year fixed deposit on average of 4 banks for corporate credit line of up to Baht 10 million.
Fee and service expenses	Cost plus margin

Thailand Futures Exchange Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2015

6 Related party transactions (Cont'd)

Transactions with related parties for the years ended 31 December 2015 and 2014 and balances as at 31 December 2015 and 2014 were as follows:

6.1 Service income

	Nature of relationships	2015 Baht'000	2014 Baht'000
Information service fees	Related party	684	684

6.2 Interest income

	Nature of relationships	2015 Baht'000	2014 Baht'000
Interest income	The parent	2,804	2,527

6.3 Other income

	Nature of relationships	2015 Baht'000	2014 Baht'000
Other income	The parent	1,154	-

6.4 Fee and service expenses

	Nature of relationships	2015 Baht'000	2014 Baht'000
Fee and service expenses	The parent	264,369	273,812

Thailand Futures Exchange Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2015

6 Related party transactions (Cont'd)

Transactions with related parties for the years ended 31 December 2015 and 2014 and balances as at 31 December 2015 and 2014 were as follows: (Cont'd)

6.5 Short-term loans to the parent

	Interest rate		2015 Baht'000	2014 Baht'000
	2015 % per annum	2014 % per annum		
Short-term loans to the parent	1.51 - 2.25	2.25 - 2.70	175,000	100,000

The parent has a policy of centralising the investments and managed by the parent in order to maximize 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 based on the floating market interest rate which is referred to the higher interest rate for one-year government bond or one-year fixed deposit on average of 4 banks for corporate credit line of up to Baht 10 million (interest rate may be revised as appropriate).

Movements of short-term loans to the parent for the years ended 31 December 2015 and 2014 were as follows:

	2015 Baht'000	2014 Baht'000
Opening balance	100,000	130,000
Additions	75,000	-
Repayment	-	(30,000)
Closing balance	175,000	100,000

6.6 Outstanding balance arising from render of services

	Nature of relationships	2015 Baht'000	2014 Baht'000
Accrued income	The parent	1,154	-
	Related party	-	684
		1,154	684
Accrued expenses	The parent	29,495	27,190

7 Cash and cash equivalents

	2015 Baht'000	2014 Baht'000
Saving and current accounts	14,404	20,910

For the year ended 31 December 2015, saving accounts carried interest at rates ranging from 0.50% - 1.40% per annum (2014: from 0.50% - 1.65% per annum).

Thailand Futures Exchange Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2015

8 Accounts receivable and accrued income, net

	2015	2014
	Baht'000	Baht'000
Accounts receivable	1,449	1,500
Accrued income		
Related parties (Note 6)	1,154	684
Others	31,527	40,538
	<u>32,681</u>	<u>41,222</u>
	<u>34,130</u>	<u>42,722</u>

Aging analyses for accounts receivable are as follows:

	2015	2014
	Baht'000	Baht'000
Other parties		
Within credit terms	1,091	1,417
Overdue:		
Less than 3 months	70	83
3 - 6 months	144	-
6-12 months	144	-
	<u>1,449</u>	<u>1,500</u>

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

9 Other current assets

	2015	2014
	Baht'000	Baht'000
Withholding tax receivable	11,632	11,632
VAT receivable	729	1,570
Others	-	336
	<u>12,361</u>	<u>13,538</u>

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10 Equipment, net

	Furniture, fixtures and equipment Baht'000
As at 1 January 2014	
Cost	629
<u>Less</u> Accumulated depreciation	<u>(601)</u>
Net book amount	<u>28</u>
For the year ended 31 December 2014	
Opening net book amount	28
Depreciation charge	<u>(28)</u>
Net book amount	<u>-</u>
As at 31 December 2014	
Cost	629
<u>Less</u> Accumulated depreciation	<u>(629)</u>
Net book amount	<u>-</u>
For the year ended 31 December 2015	
Opening net book amount	-
Depreciation charge	<u>-</u>
Net book amount	<u>-</u>
As at 31 December 2015	
Cost	146
<u>Less</u> Accumulated depreciation	<u>(146)</u>
Net book amount	<u>-</u>

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11 Intangible assets, net

	Computer software Baht'000
As at 1 January 2014	
Cost	352
<u>Less</u> Accumulated amortisation	<u>(294)</u>
Net book amount	<u>58</u>
For the year ended 31 December 2014	
Opening net book amount	58
Amortisation charge	<u>(31)</u>
Net book amount	<u>27</u>
As at 31 December 2014	
Cost	352
<u>Less</u> Accumulated amortisation	<u>(325)</u>
Net book amount	<u>27</u>
For the year ended 31 December 2015	
Opening net book amount	27
Amortisation charge	<u>(23)</u>
Net book amount	<u>4</u>
As at 31 December 2015	
Cost	352
<u>Less</u> Accumulated amortisation	<u>(348)</u>
Net book amount	<u>4</u>

12 Legal reserve

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.

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13 Expense by nature

	2015	2014
	Baht'000	Baht'000
Management fees	264,369	273,812
Marketing expenses	14,511	566
SEC fees	2,000	2,000
Professional fees	1,272	1,411
Depreciation and amortisation (Note 10, 11)	23	59
Others	2,268	3,805
	<u>284,443</u>	<u>281,653</u>

14 Income tax expense

	2015	2014
	Baht'000	Baht'000
Current income tax:		
Current income tax	15,998	1,169
Total current income tax	<u>15,998</u>	<u>1,169</u>
Deferred income tax:		
Origination and reversal of temporary differences	-	-
Total deferred income tax	<u>-</u>	<u>-</u>
Total income tax expense	<u>15,998</u>	<u>1,169</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:

	2015	2014
	Baht'000	Baht'000
Profit before income tax expense	79,990	3,044
Tax calculated at a tax rate of 20% (2014: 20%)	15,998	609
Expenses not deductible for tax purposes	-	560
Current income tax	<u>15,998</u>	<u>1,169</u>

The weighted average applicable tax rate was 20% (2014: 38.39%).

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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>2015</u>	<u>2014</u>
Profit attributable to shareholders (Baht'000)	65,399	3,306
Weighted average number of ordinary shares in issue during the years (Shares'000)	10,000	10,000
Basic earnings per share (Baht per share)	6.54	0.33

There are no potential dilutive ordinary shares in issue for the years ended 31 December 2015 and 2014.

16 Dividends

At the annual shareholders meeting held on 21 April 2015, the shareholders approved an appropriation of a dividend from the profit for the year ended 31 December 2014 of Baht 0.1875 per share for 10 million ordinary shares, amounting to Baht 1.88 million. The dividend was paid during 2015.

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.

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 2015, there were 42 DIPF members from security companies (2014: 42 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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17 Derivatives Investor Protection Fund (Cont'd)

The statement of financial position of the DIPF as at 31 December 2015 and 2014 which are included in the Company's financial statements are as follows:

	2015	2014
	Baht'000	Baht'000
Assets		
Current assets		
Cash deposits and short-term investments	71,947	64,008
Contributions from members	562	545
Accrued interest receivable	747	720
Total current assets	<u>73,256</u>	<u>65,273</u>
Liabilities and fund balances		
Current liabilities		
Other payable	-	336
Income tax payable	333	-
Total current liabilities	<u>333</u>	<u>336</u>
Non-current liabilities		
Contributions from members	19,000	12,421
Benefits on contributions from members	647	326
Total non-current liabilities	<u>19,647</u>	<u>12,747</u>
Total liabilities	<u>19,980</u>	<u>13,083</u>
Fund balances		
Initial fund	50,000	50,000
Benefits on contributions from the Company	3,276	2,190
Total fund balances	<u>53,276</u>	<u>52,190</u>
Total liabilities and fund balances	<u>73,256</u>	<u>65,273</u>

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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 2015 and 2014 are as follows:

	Member's portion Baht'000	TFEX's portion Baht'000	Total Baht'000
For the year ended 31 December 2015			
Revenues			
Interest income	430	1,466	1,896
Total revenues	430	1,466	1,896
Expenses			
Operating expenses	29	108	137
Total expenses	29	108	137
Revenues over expenses before income tax expense			
	401	1,358	1,759
Income tax expense	(80)	(272)	(352)
Revenues over expenses for the year	321	1,086	1,407
Other comprehensive revenues and expenses	-	-	-
Total comprehensive revenues and expenses for the year	321	1,086	1,407
	Member's portion Baht'000	TFEX's portion Baht'000	Total Baht'000
For the year ended 31 December 2014			
Revenues			
Interest income	318	1,633	1,951
Total revenues	318	1,633	1,951
Expenses			
Operating expenses	26	137	163
Total expenses	26	137	163
Revenues over expenses before income tax expense			
	292	1,496	1,788
Income tax expense	(58)	(299)	(357)
Revenues over expenses for the year	234	1,197	1,431
Other comprehensive revenues and expenses	-	-	-
Total comprehensive revenues and expenses for the year	234	1,197	1,431

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 consultants 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.

As at 31 December 2015, the case was under the consideration of the supreme court. The outcome of the case had not been finalised. Therefore, the Company did not record any potential loss in the financial statement for the year ended 31 December 2015 and 2014.

19 Fair value

Fair value estimation

The fair value of the financial instruments are defined into the following three different levels by valuation method as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the financial assets and liabilities that are not measured at fair value at 31 December 2015.

	2015			Total Baht'000
	Level 1 Baht'000	Level 2 Baht'000	Level 3 Baht'000	
Assets				
Non-current assets				
Derivatives Investor Protection Fund				
- Held to maturity debt securities	-	5,732	-	5,732
Total non-current assets	-	5,732	-	5,732
Total assets	-	5,732	-	5,732

19 Fair value (Cont'd)

Fair value estimation (Cont'd)

Other financial instruments not carried at fair value are typically short-term in nature and reprice to current market rate frequently. Accordingly, their carrying amount is a reasonable approximation of fair value. This includes cash and cash equivalents, accounts receivable, accrued interest receivable, short-term loans to the parent, deposits and other benefits in Derivatives Investor Protection Fund and accounts payable.

The management believes that the fair value of the Company's financial assets and liabilities does not materially differ from their carrying value.

Valuation techniques used to derive Level 2 fair values

Held-to-maturity debt securities include fixed deposit accounts. The fair value of fixed deposit accounts, which is in Level 2, is measured by using discounted cash flows based on each contract with an average yield of 4 commercial banks.

