



# Financial Report 2018

Thailand Futures Exchange

## **REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

### **TO THE SHAREHOLDERS AND BOARD OF DIRECTORS THAILAND FUTURES EXCHANGE PUBLIC COMPANY LIMITED**

#### **Opinion**

We have audited the financial statements of Thailand Futures Exchange Public Company Limited (the “Company”), which comprise the statement of financial position as at December 31, 2018, and the related statements of profit or loss and other comprehensive income, changes in shareholders’ equity, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Thailand Futures Exchange Public Company Limited as at December 31, 2018, and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (“TFRSs”).

#### **Basis for Opinion**

We conducted our audit in accordance with Thai Standards on Auditing (“TSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Federation of Accounting Professions’ Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Other Matter**

The financial position of Thailand Futures Exchange Public Company Limited as at December 31, 2017 and the related statements of profit or loss and other comprehensive income, changes in shareholders’ equity and cash flows for the year then ended presented herein as comparative information, were audited by another auditor, whose report thereon dated February 21, 2018 expressed an unmodified opinion on those statements.

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRSs, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

**Deloitte Touche Tohmatsu Jaiyos Audit**

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Dr. Suphamit Techamontrikul  
Certified Public Accountant (Thailand)  
Registration No. 3356

**BANGKOK**  
February 20, 2019

**DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.**

**THAILAND FUTURES EXCHANGE PUBLIC COMPANY LIMITED**

**STATEMENT OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2018**

**UNIT : THOUSAND BAHT**

|   | Notes | 2018             | 2017           |
|---|-------|------------------|----------------|
| <b>ASSETS</b>                             |       |                  |                |
| <b>CURRENT ASSETS</b>                     |       |                  |                |
| Cash and cash equivalents                 | 6     | 21,134           | 35,671         |
| Accounts receivable and accrued income    | 7     | 48,053           | 49,272         |
| Accrued interest receivable               |       | 248              | 170            |
| Short-term loans to the major shareholder | 5     | 905,000          | 680,000        |
| Other current assets                      | 8     | 12,001           | 11,636         |
| Total current assets                      |       | 986,436          | 776,749        |
| <b>NON-CURRENT ASSETS</b>                 |       |                  |                |
| Intangible assets                         | 9     | -                | -              |
| Derivatives Investor Protection Fund      | 20    | 104,150          | 91,486         |
| Deferred tax assets                       | 10    | -                | 335            |
| Total non-current assets                  |       | 104,150          | 91,821         |
| <b>TOTAL ASSETS</b>                       |       | <b>1,090,586</b> | <b>868,570</b> |

Notes to the financial statements form an integral part of these statements

**THAILAND FUTURES EXCHANGE PUBLIC COMPANY LIMITED**

**STATEMENT OF FINANCIAL POSITION (CONTINUED)**

**AS AT DECEMBER 31, 2018**

**UNIT : THOUSAND BAHT**

|   | <b>Notes</b> | <b>2018</b>      | <b>2017</b>    |
|---|--------------|------------------|----------------|
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>               |              |                  |                |
| <b>CURRENT LIABILITIES</b>                                |              |                  |                |
| Accounts payable and accrued expenses                     |              | 37,039           | 37,051         |
| Unearned revenues   |              | 2,974            | 5,674          |
| Current income tax payable                                |              | 32,123           | 9,986          |
| Current portion of employee benefits obligation           | 11           | -                | 1,452          |
| Other current liabilities                                 |              | 1,380            | 2,277          |
| Total current liabilities                                 |              | <u>73,516</u>    | <u>56,440</u>  |
| <b>NON-CURRENT LIABILITIES</b>                            |              |                  |                |
| Contributions and benefits to                             |              |                  |                |
| Derivatives Investor Protection Fund                      | 20           | <u>48,802</u>    | <u>36,824</u>  |
| Total non-current liabilities                             |              | <u>48,802</u>    | <u>36,824</u>  |
| <b>TOTAL LIABILITIES</b>                                  |              | <u>122,318</u>   | <u>93,264</u>  |
| <b>SHAREHOLDERS' EQUITY</b>                               |              |                  |                |
| <b>SHARE CAPITAL</b>                                      |              |                  |                |
| Authorized share capital                                  |              |                  |                |
| 50,000,000 ordinary shares of Baht 10 each,               | 13           | <u>500,000</u>   | <u>500,000</u> |
| Paid-up share capital                                     |              |                  |                |
| 50,000,000 ordinary shares of Baht 10 each,<br>fully paid | 13           | 500,000          | 500,000        |
| <b>DERIVATIVES INVESTOR PROTECTOR FUND</b>                | 20           | 55,348           | 54,662         |
| <b>RETAINED EARNINGS</b>                                  |              |                  |                |
| Appropriated - legal reserve                              | 14           | 31,632           | 19,433         |
| Unappropriated  |              | 381,288          | 201,211        |
| Total Shareholders' Equity                                |              | <u>968,268</u>   | <u>775,306</u> |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>         |              | <u>1,090,586</u> | <u>868,570</u> |

Notes to the financial statements form an integral part of these statements

**THAILAND FUTURES EXCHANGE PUBLIC COMPANY LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

UNIT : THOUSAND BAHT

|  | Notes | 2018           | 2017           |
|--|-------|----------------|----------------|
| <b>REVENUES</b>                                |       |                |                |
| Revenue from rendering services                | 15    | 560,666        | 392,810        |
| Interest income                                |       | 12,044         | 9,920          |
| Other income                                   |       | 11,667         | 52,377         |
| Total revenues                                 |       | 584,377        | 455,107        |
| <b>EXPENSES</b>                                |       |                |                |
| Administrative expenses                        | 16    | 277,590        | 282,023        |
| Employee benefit expenses                      | 12    | 493            | 41,861         |
| Directors' remuneration                        |       | 2,180          | 2,178          |
| Total expenses                                 |       | 280,263        | 326,062        |
| PROFIT BEFORE INCOME TAX EXPENSE               |       | 304,114        | 129,045        |
| Non - operating, net                           |       |                |                |
| Income derived from Derivatives Investor       |       |                |                |
| Protection Fund, net                           | 20    | 686            | 622            |
| PROFIT BEFORE INCOME TAX EXPENSE               |       | 304,800        | 129,667        |
| INCOME TAX EXPENSE                             | 17    | -60,823        | -27,009        |
| NET PROFIT FOR THE YEAR                        |       | 243,977        | 102,658        |
| OTHER COMPREHENSIVE INCOME                     |       | -              | -              |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b> |       | <b>243,977</b> | <b>102,658</b> |
| <b>BASIC EARNINGS PER SHARE (BAHT)</b>         | 18    | 4.88           | 2.05           |
| <b>WEIGHTED AVERAGE NUMBER OF</b>              |       |                |                |
| <b>ORDINARY SHARES (THOUSAND SHARES)</b>       |       | 50,000         | 50,000         |

Notes to the financial statements form an integral part of these statements

**THAILAND FUTURES EXCHANGE PUBLIC COMPANY LIMITED**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

UNIT : THOUSAND BAHT

|   | Notes | Issued and               | Derivatives                    | Retained earnings |                | Total          |
|---|-------|--------------------------|--------------------------------|-------------------|----------------|----------------|
|   |       | paid-up<br>share capital | Investor<br>Protection<br>Fund | Legal reserve     | Unappropriated |                |
| <b>Beginning balances as at January 1, 2017</b> |       | 500,000                  | 54,040                         | 14,300            | 144,608        | 712,948        |
| Total comprehensive income for the year         |       | -                        | 622                            | -                 | 102,036        | 102,658        |
| Dividends                                       | 19    | -                        | -                              | -                 | -40,300        | -40,300        |
| Legal reserve                                   | 14    | -                        | -                              | 5,133             | -5,133         | -              |
| <b>Ending balances as at December 31, 2017</b>  |       | <u>500,000</u>           | <u>54,662</u>                  | <u>19,433</u>     | <u>201,211</u> | <u>775,306</u> |
| <b>Beginning balances as at January 1, 2018</b> |       | 500,000                  | 54,662                         | 19,433            | 201,211        | 775,306        |
| Total comprehensive income for the year         |       | -                        | 686                            | -                 | 243,291        | 243,977        |
| Dividends                                       | 19    | -                        | -                              | -                 | -51,015        | -51,015        |
| Legal reserve                                   | 14    | -                        | -                              | 12,199            | -12,199        | -              |
| <b>Ending balances as at December 31, 2018</b>  |       | <u>500,000</u>           | <u>55,348</u>                  | <u>31,632</u>     | <u>381,288</u> | <u>968,268</u> |

Notes to the financial statements form an integral part of these statements



**THAILAND FUTURES EXCHANGE PUBLIC COMPANY LIMITED**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

**UNIT : THOUSAND BAHT**

|  | <b>Notes</b> | <b>2018</b> | <b>2017</b> |
|--|--------------|-------------|-------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                            |              |             |             |
| Profit before income tax expense                                       |              | 304,800     | 129,667     |
| Adjustments for:   |              |             |             |
| Amortization   | 9            | -           | 1           |
| Interest income  |              | -12,044     | -9,920      |
| Employee benefits obligation   | 11           | -           | 1,932       |
| Income derived from  |              |             |             |
| Derivatives Investor Protection Fund, net                              | 20           | -686        | -622        |
| Operating profit before changes in<br>operating assets and liabilities |              | 292,070     | 121,058     |
| (Increase) decrease in operating assets                                |              |             |             |
| Accounts receivable and accrued income                                 |              | 1,219       | -8,474      |
| Other current assets   |              | -365        | 295         |
| Derivatives Investor Protection Fund                                   |              | -13,007     | -8,833      |
| Increase (decrease) in operating liabilities                           |              |             |             |
| Accounts payable and accrued expenses                                  |              | -12         | -6,316      |
| Unearned revenues  |              | -2,700      | -8,015      |
| Employee benefits paid   | 11           | -1,452      | -480        |
| Other current liabilities  |              | -897        | 1,060       |
| Contributions and benefits to  |              |             |             |
| Derivatives Investor Protection Fund                                   |              | 11,978      | 7,989       |
| Cash flows provided by operations                                      |              | 286,834     | 98,284      |
| <u>Less</u> Income tax paid  |              | -38,351     | -23,104     |
| Net cash provided by operating activities                              |              | 248,483     | 75,180      |

Notes to the financial statements form an integral part of these statements

**THAILAND FUTURES EXCHANGE PUBLIC COMPANY LIMITED**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

UNIT : THOUSAND BAHT

|   | Notes | 2018                 | 2017                 |
|---|-------|----------------------|----------------------|
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                 |       |                      |                      |
| Interest received   |       | 11,966               | 9,993                |
| Cash paid for short-term loans to the major shareholder                     | 5     | -225,000             | -85,000              |
| Cash received for repayment of short-term loans<br>to the major shareholder | 5     | -                    | 50,000               |
| Benefits received from Derivatives Investor<br>Protection Fund              |       | 1,029                | 844                  |
| Net cash used in investing activities                                       |       | <u>-212,005</u>      | <u>-24,163</u>       |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                 |       |                      |                      |
| Dividends paid  | 19    | <u>-51,015</u>       | <u>-40,300</u>       |
| Net cash used in financing activities                                       |       | <u>-51,015</u>       | <u>-40,300</u>       |
| <b>Net increase (decrease) in cash and cash equivalents</b>                 |       | -14,537              | 10,717               |
| Cash and cash equivalents as at January 1,                                  |       | <u>35,671</u>        | <u>24,954</u>        |
| <b>Cash and cash equivalents as at December 31,</b>                         | 6     | <u><u>21,134</u></u> | <u><u>35,671</u></u> |

Notes to the financial statements form an integral part of these statements

**THAILAND FUTURES EXCHANGE PUBLIC COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**1. COMPANY OPERATIONS AND OTHER INFORMATION**

Thailand Futures Exchange Public Company Limited, (“the Company” “TFEX”), is incorporated in Thailand on May 17, 2004 and its registered office is located at 93 Floor 16, Ratchadapisek Road, Kwaeng Din Daeng, Khet Din Daeng, Bangkok 10400.

The major shareholder is The Stock Exchange of Thailand (incorporated in Thailand), which owned 100% of the Company’s share capital.

The principal business of the Company is as a derivative exchange and governed by the Derivatives Act B.E. 2546 (2003).

**2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICY**

Basis for preparation and presentation of the financial statements and significant accounting policy are set out below:

**2.1 Basis of preparation and presentation**

The Company maintains its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and practices generally accepted in Thailand.

The Company’s financial statements have been prepared in accordance with the Thai Accounting Standard (“TAS”) No. 1 (Revised 2017) “Presentation of Financial Statements”, which was effective for financial periods beginning on or after January 1, 2018 onward, and the Notification of the Department of Business Development dated October 11, 2016 regarding “The Brief Particulars in the Financial Statement (No. 2) B.E. 2559”.

The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies.

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

2.2 Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statement

During the period, the Company has adopted the revised and new financial reporting standards and guidelines on accounting issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements.

2.3 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

2.3.1 Thai Financial Reporting Standards which will be effective for the financial statements with fiscal years beginning on or after January 1, 2019

New Thai Financial Reporting Standards and Thai Financial Reporting Standard Interpretation

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standards and Thai Financial Reporting Standard Interpretation which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards.

**Thai Financial Reporting Standards (“TFRS”)**

TFRS 1 First-time Adoption of Thai Financial Reporting Standards

TFRS 15 Revenue from Contracts with Customers

**Thai Financial Reporting Standard Interpretation (“TFRIC”)**

TFRIC 22 Foreign Currency Transactions and Advance Consideration

There is the key change to the core principle of TFRS 15, which introduces a 5-step approach to revenue recognition, as follow:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under TFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied. TFRS 15 will supersede the Standards and Interpretations relating to revenue upon its effective date.

#### Thai Financial Reporting Standards (TFRSs) Revised 2018

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standards (TFRSs) Revised 2018 which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology and reference to other TFRSs except following TFRSs, which there are revision or additional paragraph and accounting guidance.

#### **Thai Accounting Standards (“TAS”)**

TAS 28 (Revised 2018) Investment in Associates and Joint Ventures  
TAS 40 (Revised 2018) Investment Property

#### **Thai Financial Reporting Standards (“TFRS”)**

TFRS 2 (Revised 2018) Share-based Payment  
TFRS 4 (Revised 2018) Insurance Contracts

The Company’s management will adopt such TFRSs in the preparation of the Company’s financial statements when it becomes effective. The Company’s management has assessed the impact of these TFRSs and considered that the adoption of these financial reporting standards does not have any significant impact on the financial statements of the Company in the period of initial application.

#### 2.3.2 Thai Financial Reporting Standards which will be effective for the financial statements with fiscal years beginning on or after January 1, 2020

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standard Group of Financial Instruments which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards, as follows:

#### **Thai Accounting Standards (“TAS”)**

TAS 32 Financial Instruments: Presentation

#### **Thai Financial Reporting Standards (“TFRS”)**

TFRS 7 Financial Instruments: Disclosures  
TFRS 9 Financial Instruments

#### **Thai Financial Reporting Standard Interpretations (“TFRIC”)**

TFRIC 16 Hedges of a Net Investment in a Foreign Operation  
TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These TFRSs make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost; taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model, the calculation of impairment using the expected credit loss method, and the concept of hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. These TFRSs will supersede the Standards and Interpretations relating to the financial instruments upon its effective date.

The Company's management will adopt such TFRSs in the preparation of the Company's financial statements when it becomes effective. The Company's management is in the process to assess the impact of these TFRSs on the financial statements of the Company in the period of initial application.

#### 2.4 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 and 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 recognized in the profit or loss.

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

#### 2.5 Cash and cash equivalents

In the statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months.

#### 2.6 Investments of Derivative investor Protection Fund

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.

All three categories of investment are initially recognized 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 unrealized gains and losses of trading investments are recognized in profit or loss. The unrealized gains and losses of available for sale investments are recognized in comprehensive income.

Held-to-maturity investments are carried at amortized 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 profit or loss.

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 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.

## 2.7 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 are carried at 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. Bad debts are written-off during the year in which they are identified and recognized in profit or loss within administrative expenses.

## 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 amortization and impairment losses. Intangible assets are amortized in profit or loss 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.

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

## 2.9 Impairment of assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized 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 recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

## 2.12 Employee benefits

### 1) Short-term benefits

The Company recognizes salaries, wages, bonuses, contributions to the social security fund and cumulative annual leave as expenses when incurred.

### 2) Contributions to provident fund

The Company has participated in provident fund of the Stock Exchange of Thailand. The provident fund is funded by payments from employees and by the Company. The Company's contributions to provident fund are charged to expenses in the statement of profit or loss and other comprehensive income in the period to which the contributions relate.



### 3) Retirement benefits and other benefits

Employee benefits that will be paid upon retirement usually depends on one or more factors such as age of employees, years of service and compensation. In addition, the Company provides other long-term employee benefit plans, namely long service awards.

The liability recognized in the statement of financial position in respect of defined benefit retirement plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement liability. The Company reviews the assumptions used annually.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in equity in the period in which they arise.

Past service cost are recognized immediately in profit or loss.

### 4) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

## 2.13 Revenues

Revenues exclude value added taxes.

Trading fees and information service fees are recognized upon performance of services.

Membership fees comprise initial and annual fees. The initial fees are recognized as revenue in the commencing day on which the service is rendered. Annual fees are recognized on a time proportion basis.

Interest income is recognized 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 recognized when the right to receive payment is established.

#### 2.14 Expenses

Expenses is recognized on the accrual basis.

#### 2.15 Directors' remuneration

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

#### 2.16 Dividend payment

Dividend distribution to the Company's shareholders is recognized in the Company's financial statements in the period in which they are approved by the Company's shareholders.

#### 2.17 Earnings per share

Basic earnings per share are calculated by dividing net profit by the number of weighted average ordinary shares outstanding at the date of statement of financial position. In the case of a capital increase, the number of weighted average ordinary shares is calculated according to the period of the subscription received from increase and paid-up share capital.

#### 2.18 Current and deferred income taxes

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

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

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

## 2.19 Fair value measurements and valuation processes

### Fair value measurement for disclosure purpose

The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the Company assess the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS 13, including the level in the fair value hierarchy.

When measuring the fair value of an asset or a liability, the Company use market observable data as the first priority. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques for fair value measurement as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

## **3. USE OF MANAGEMENT'S JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

### 3.1 Management's judgments in applying accounting policies

The preparation of financial statements in conformity with Thai Financial Reporting Standards (TFRSs) requires the Company's management to exercise various judgments in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the year. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

### 3.2 Key sources of estimation uncertainty

The Company has estimates with the assumptions concerning the future. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### 4. 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 reduce the cost of capital.

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 results.

#### 5. 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:

| <b>Name of entity</b>          | <b>Country of incorporation</b> | <b>Nature of relationships</b>   |
|--------------------------------|---------------------------------|--|
| The Stock Exchange of Thailand | Thailand                        | The major shareholder, 100% shareholding, all directors are representatives of the major shareholder |
| SETTRADE.COM Company Limited   | Thailand                        | Related party and is controlled by the major shareholder   |
| Family Know-how Co., Ltd.      | Thailand                        | Related party and is 50% jointly - controlled by the major shareholder                               |

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

| <b>Transaction</b>       | <b>Pricing policy</b>  |
|--------------------------|--|
| 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   |

Transactions with related party for the years ended December 31, were as follows:

|                          |                                | <b>2018</b>          | <b>2017</b>          |
|--------------------------|--------------------------------|----------------------|----------------------|
|                          | <b>Nature of relationships</b> | <b>Thousand Baht</b> | <b>Thousand Baht</b> |
| Information service fee  | Related party                  | <u>2,064</u>         | <u>1,884</u>         |
| Interest income          | The major shareholder          | <u>11,513</u>        | <u>9,501</u>         |
| Other income             | The major shareholder          | <u>-</u>             | <u>41,861</u>        |
| Fee and service expenses | The major shareholder          | 244,491              | 250,862              |
|                          | Related party                  | <u>1,200</u>         | <u>1,200</u>         |
|                          |                                | <u>245,691</u>       | <u>252,062</u>       |

Outstanding balances with related party as at December 31, were as follows:

|                      |                                | <b>2018</b>          | <b>2017</b>          |
|----------------------|--------------------------------|----------------------|----------------------|
|                      | <b>Nature of relationships</b> | <b>Thousand Baht</b> | <b>Thousand Baht</b> |
| Accrued income       | The major shareholder          | <u>-</u>             | <u>17,486</u>        |
| Other current assets | The major shareholder          | <u>124</u>           | <u>-</u>             |
| Accrued expenses     | The major shareholder          | <u>28,004</u>        | <u>22,894</u>        |
| Unearned revenues    | Related party                  | <u>72</u>            | <u>57</u>            |

|   | <b>Interest rate</b> |                    | <b>2018</b>          | <b>2017</b>          |
|---|----------------------|--------------------|----------------------|----------------------|
|   | <b>2018</b>          | <b>2017</b>        | <b>2018</b>          | <b>2017</b>          |
|   | <b>% per annum</b>   | <b>% per annum</b> | <b>Thousand Baht</b> | <b>Thousand Baht</b> |
| Short-term loans to the major shareholder | 1.35 - 1.74          | 1.38 - 1.55        | <u>905,000</u>       | <u>680,000</u>       |

The major shareholder has a policy of centralising the investments and managed by the major shareholder in order to maximize its efficiency and overall returns. The major shareholder 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 major shareholder for the years ended December 31, were as follows:

|                    | <b>2018</b>          | <b>2017</b>          |
|--------------------|----------------------|----------------------|
|                    | <b>Thousand Baht</b> | <b>Thousand Baht</b> |
| Opening balance    | 680,000              | 645,000              |
| Additions          | 225,000              | 85,000               |
| Repayment received | <u>-</u>             | <u>(50,000)</u>      |
| Closing balance    | <u>905,000</u>       | <u>680,000</u>       |

## 6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, were as follows:

|                              | <b>2018</b>          | <b>2017</b>          |
|------------------------------|----------------------|----------------------|
|                              | <b>Thousand Baht</b> | <b>Thousand Baht</b> |
| Savings and current accounts | <u>21,134</u>        | <u>35,671</u>        |

For the year ended December 31, 2018, savings accounts carried interest rates ranging from 0.50% - 0.80% per annum (2017 : from 0.50% - 0.95% per annum).

## 7. ACCOUNTS RECEIVABLE AND ACCRUED INCOME

Accounts receivable and accrued income as at December 31, consisted of the following:

|                              | <b>2018</b>          | <b>2017</b>          |
|------------------------------|----------------------|----------------------|
|                              | <b>Thousand Baht</b> | <b>Thousand Baht</b> |
| Accounts receivable          | 1,013                | 426                  |
| Accrued income               |                      |                      |
| Related parties (see Note 5) | -                    | 17,486               |
| Others                       | 47,040               | 31,360               |
|                              | <u>47,040</u>        | <u>48,846</u>        |
|                              | <u>48,053</u>        | <u>49,272</u>        |

Aging analyses for accounts receivable were as follows:

|                     | <b>2018</b>          | <b>2017</b>          |
|---------------------|----------------------|----------------------|
|                     | <b>Thousand Baht</b> | <b>Thousand Baht</b> |
| Accounts receivable |                      |                      |
| Within credit terms | 102                  | 26                   |
| Overdue             |                      |                      |
| Less than 3 months  | 779                  | 400                  |
| 3 - 6 months        | 129                  | -                    |
| 6 - 12 months       | 3                    | -                    |
|                     | <u>1,013</u>         | <u>426</u>           |

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

**8. OTHER CURRENT ASSETS**

Other current assets as at December 31, consisted of the following:

|                            | <b>2018</b>          | <b>2017</b>          |
|----------------------------|----------------------|----------------------|
|                            | <b>Thousand Baht</b> | <b>Thousand Baht</b> |
| Withholding tax receivable | 11,633               | 11,633               |
| Value added tax receivable | 112                  | -                    |
| Others                     | 256                  | 3                    |
|                            | <u>12,001</u>        | <u>11,636</u>        |

**9. INTANGIBLE ASSETS, NET**

|   | <b>Computer<br/>software<br/>Thousand Baht</b> |
|---|--|
| <b>As at January 1, 2017</b>                |  |
| Cost  | 352  |
| <u>Less</u> Accumulated amortization        | <u>(351)</u>                                   |
| Net book amount                             | <u>1</u>                                       |
| <b>For the year ended December 31, 2017</b> |  |
| Opening net book amount                     | 1  |
| Amortization charge (see Note 16)           | <u>(1)</u>                                     |
| Net book amount                             | <u>-</u>                                       |
| <b>As at December 31, 2017</b>              |  |
| Cost  | 352  |
| <u>Less</u> Accumulated amortization        | <u>(352)</u>                                   |
| Net book amount                             | <u>-</u>                                       |
| <b>For the year ended December 31, 2018</b> |  |
| Opening net book amount                     | -  |
| Amortization charge (see Note 16)           | <u>-</u>                                       |
| Net book amount                             | <u>-</u>                                       |
| <b>As at December 31, 2018</b>              |  |
| Cost  | 352  |
| <u>Less</u> Accumulated amortization        | <u>(352)</u>                                   |
| Net book amount                             | <u>-</u>                                       |

## 10. DEFERRED TAX ASSETS

Statement of financial position shows the balance were as follows:

|   | <b>2018</b>          | <b>2017</b>          |
|---|----------------------|----------------------|
|   | <b>Thousand Baht</b> | <b>Thousand Baht</b> |
| As at December 31,                                  |                      |                      |
| Deferred tax assets                                 |                      |                      |
| Deferred tax asset to be recovered within 12 months | -                    | 335                  |

The gross movements of the deferred income tax account were as follows:

|   | <b>2018</b>          | <b>2017</b>          |
|---|----------------------|----------------------|
|   | <b>Thousand Baht</b> | <b>Thousand Baht</b> |
| Opening balance   | 335                  | 20                   |
| Tax charged / (credited) to profit or loss<br>(see Note 17) | (335)                | 315                  |
| Closing balance   | -                    | 335                  |

The movement in deferred tax assets during the year were as follows:

|   | <b>Provision for<br/>annual leave<br/>Thousand Baht</b> | <b>Provision for<br/>employee<br/>benefits<br/>Thousand Baht</b> | <b>Total<br/>Thousand Baht</b> |
|---|---|--|--------------------------------|
| As at January 1, 2017                                       | 20  | -  | 20                             |
| Tax charged / (credited) to profit or loss<br>(see Note 17) | 25  | 290  | 315                            |
| As at December 31, 2017                                     | 45  | 290  | 335                            |
| Tax charged / (credited) to profit or loss<br>(see Note 17) | (45)  | (290)  | (335)                          |
| As at December 31, 2018                                     | -   | -  | -                              |

## 11. EMPLOYEE BENEFITS OBLIGATION

During 2017, the Company considers transferring all employees to be employees of the major shareholder, which effective since January 1, 2018 onwards. (2018 : Nil)

|  | <b>As at<br/>December 31,<br/>2017<br/>Thousand Baht</b> |
|--|--|
| Statement of financial position  |  |
| Current portion for employee benefits obligation   | 1,452  |
|  | <u>1,452</u>   |
| Expense charge included in the statement<br>of profit or loss and other comprehensive income |  |
| Employee benefit expense   | 1,932  |
|  | <u>1,932</u>   |



The amounts recognized in the statement of financial position were determined as follows (2018 : Nil):

|  | <b>As at<br/>December 31,<br/>2017<br/>Thousand Baht</b> |
|--|--|
| Present value of obligations                       |  |
| Current portion of employee benefits obligation    | 1,452  |
| Liabilities in the statement of financial position | <u>1,452</u>   |

The movement in the defined benefit obligation for the years ended December 31, were as follows:

|                           | <b>2018<br/>Thousand Baht</b> | <b>2017<br/>Thousand Baht</b> |
|---------------------------|-------------------------------|-------------------------------|
| As at January 1,          | 1,452                         | -                             |
| Current service cost      | -                             | 1,925                         |
| Interest cost             | -                             | 7                             |
|                           | <u>1,452</u>                  | <u>1,932</u>                  |
| <u>Less</u> Benefits paid | (98)                          | (480)                         |
| Transfers employees       | <u>(1,354)</u>                | <u>-</u>                      |
| As at December 31,        | <u>-</u>                      | <u>1,452</u>                  |

For the year ended December 31, 2017, the amounts recognized in the statement of profit or loss and other comprehensive income were as follows:

|                      | <b>2017<br/>Thousand Baht</b> |
|----------------------|-------------------------------|
| Current service cost | 1,925                         |
| Interest cost        | 7                             |
|                      | <u>1,932</u>                  |

For the year ended December 31, 2017, the principal actuarial assumptions used were as follows (2018 : Nil):

|                                  | <b>2017</b>    |
|----------------------------------|----------------|
| Discount rate as at December 31, | 2.75%          |
| Salary increase rate             | 6.50%          |
| Average turnover rate            | 0.00% - 13.00% |
| Pre-retirement mortality rate    | 75% of TMO2017 |
| Retirement age                   | 60 years old   |

Sensitivity analysis on key assumption changes were as follows (2018 : Nil):

|                      | Impact on defined benefit obligation |                        |                        |
|----------------------|--------------------------------------|------------------------|------------------------|
|                      | Change in assumption                 | Increase in assumption | Decrease in assumption |
|                      | 2017                                 | 2017                   | 2017                   |
| Discount rate        | 1%                                   | Decrease by 13%        | Increase by 15%        |
| Salary growth rate   | 1%                                   | Increase by 16%        | Decrease by 13%        |
| Turnover growth rate | 20%                                  | Decrease by 6%         | Increase by 6%         |

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognized within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The weighted average duration of the defined benefit obligation is 20 years.

Expected maturity analysis of undiscounted retirement benefits (2018 : Nil):

|                         | With in 1 year | 1-5 years     | Over 5 years  | Total         |
|-------------------------|----------------|---------------|---------------|---------------|
|                         | Thousand Baht  | Thousand Baht | Thousand Baht | Thousand Baht |
| As at December 31, 2017 |                |               |               |               |
| Retirement benefits     | -              | 81            | 2,098         | 2,179         |
| Total                   | -              | 81            | 2,098         | 2,179         |

## 12. EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses for the years ended December 31, consist of the following:

|                                | 2018          | 2017          |
|--------------------------------|---------------|---------------|
|                                | Thousand Baht | Thousand Baht |
| Salaries and other benefits    | 476           | 39,543        |
| Contribution to provident fund | 17            | 2,318         |
|                                | 493           | 41,861        |

The Company has participated in provident funds of the Stock Exchange of Thailand. Contributions are made monthly by the employees at rates ranging from 3% to 15% of their basic salaries and by the Company at rate of 10% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

### 13. SHARE CAPITAL

The total number of authorized ordinary shares is 50,000,000 shares with a par value of Baht 10 per share. All issued shares are fully paid.

### 14. LEGAL RESERVE

|                               | <b>2018</b>          | <b>2017</b>          |
|-------------------------------|----------------------|----------------------|
|                               | <b>Thousand Baht</b> | <b>Thousand Baht</b> |
| Opening balance the year      | 19,433               | 14,300               |
| Appropriation during the year | 12,199               | 5,133                |
| Closing balance               | <u>31,632</u>        | <u>19,433</u>        |

Under the Public Companies Act B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital. The legal reserve is non-distributable.

### 15. REVENUE FROM RENDERING SERVICES

Revenue from rendering services for the years ended December 31, consist of the following:

|                          | <b>2018</b>          | <b>2017</b>          |
|--------------------------|----------------------|----------------------|
|                          | <b>Thousand Baht</b> | <b>Thousand Baht</b> |
| Trading fees             | 509,473              | 331,671              |
| Membership fees          | 22,825               | 28,793               |
| Information service fees | 28,368               | 32,346               |
|                          | <u>560,666</u>       | <u>392,810</u>       |

### 16. ADMINISTRATIVE EXPENSES

Administrative expenses for the years ended December 31, consist of the following:

|  | <b>2018</b>          | <b>2017</b>          |
|--|----------------------|----------------------|
|  | <b>Thousand Baht</b> | <b>Thousand Baht</b> |
| Fee and service expense (see Note 5)                 | 244,491              | 250,862              |
| Marketing expenses                                   | 20,964               | 13,981               |
| Licensing and professional fees                      | 7,739                | 6,921                |
| The Securities and Exchange Commission Thailand fees | 2,000                | 2,000                |
| Amortization (see Note 9)                            | -                    | 1                    |
| Others   | 2,396                | 8,258                |
|  | <u>277,590</u>       | <u>282,023</u>       |

## 17. INCOME TAX EXPENSE

Income tax expense for the years ended December 31, consist of the following:

|   | <b>2018</b>          | <b>2017</b>          |
|---|----------------------|----------------------|
|   | <b>Thousand Baht</b> | <b>Thousand Baht</b> |
| <b>Current income tax:</b>                        |                      |                      |
| Current income tax                                | 60,488               | 27,324               |
| Total current income tax                          | <u>60,488</u>        | <u>27,324</u>        |
| <b>Deferred income tax:</b>                       |                      |                      |
| Origination and reversal of temporary differences | 335                  | (315)                |
| Total deferred income tax                         | <u>335</u>           | <u>(315)</u>         |
| Total income tax                                  | <u><u>60,823</u></u> | <u><u>27,009</u></u> |

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

|  | <b>2018</b>          | <b>2017</b>          |
|--|----------------------|----------------------|
|  | <b>Thousand Baht</b> | <b>Thousand Baht</b> |
| Profit before income tax expense                                 | 304,800              | 129,667              |
| Tax calculated at a tax rate of 20%                              | 60,960               | 25,933               |
| Expenses not deductible for tax purposes                         | -                    | 1,200                |
| Income derived from Derivatives Investor<br>Protection Fund, net | (137)                | (124)                |
| Income tax   | <u>60,823</u>        | <u>27,009</u>        |
| The weighted average applicable tax rate (%)                     | 19.96                | 20.83                |

## 18. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing profit attributable to shareholders by the weighted average number of ordinary shares in issue during the years ended December 31, were as follows:

|   | <b>2018</b>        | <b>2017</b>        |
|---|--------------------|--------------------|
| Profit attributable to shareholders (Thousand Baht)                                       | 243,977            | 102,658            |
| Weighted average number of ordinary shares<br>in issue during the years (Thousand shares) | <u>50,000</u>      | <u>50,000</u>      |
| Basic earnings per share (Baht per share)   | <u><u>4.88</u></u> | <u><u>2.05</u></u> |

There are no potential dilutive ordinary shares in issue for the years ended December 31, 2018 and 2017.

## **19. DIVIDENDS**

At the annual general meeting of shareholders held on April 18, 2018, the shareholders approved an appropriation of a dividend from the profit for the year ended December 31, 2017 of Baht 1.0203 per share for 50 million ordinary shares, amounting to Baht 51.02 million. The dividend was paid during 2018.

At the annual general meeting of shareholders held on April 17, 2017, the shareholders approved an appropriation of a dividend from the profit for the year ended December 31, 2016 of Baht 0.806 per share for 50 million ordinary shares, amounting to Baht 40.30 million. The dividend was paid during 2017.

## **20. DERIVATIVES INVESTOR PROTECTION FUND**

In 2012 the Company's board of directors had a resolution to establish the Derivatives Investor Protection Fund (DIPF) and approved an appropriation of Baht 50 million as an initial fund.

The DIPF was established on November 15, 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 December 31, 2018, there were 37 DIPF members from security companies (2017: 37 DIPF members).

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

The statement of financial position of the DIPF as at December 31, 2018 and 2017 which are included in the Company's financial statements were as follows:

|  | <b>2018</b>          | <b>2017</b>          |
|--|----------------------|----------------------|
|  | <b>Thousand Baht</b> | <b>Thousand Baht</b> |
| <b>Assets</b>                              |                      |                      |
| <b>Current assets</b>                      |                      |                      |
| Cash deposits and short-term investments   | 54,587               | 74,039               |
| Contributions from members                 | 851                  | 599                  |
| Accrued interest receivable                | 485                  | 629                  |
| <b>Total current assets</b>                | <u>55,923</u>        | <u>75,267</u>        |
| <b>Non-current asset</b>                   |                      |                      |
| Long-term investments                      | 48,227               | 16,219               |
| <b>Total non-current asset</b>             | <u>48,227</u>        | <u>16,219</u>        |
| <b>Total assets</b>                        | <u>104,150</u>       | <u>91,486</u>        |
| <b>Liabilities and fund balances</b>       |                      |                      |
| <b>Current liabilities</b>                 |                      |                      |
| Current income tax payable                 | 293                  | 234                  |
| Other current liabilities                  | -                    | 1                    |
| <b>Total current liabilities</b>           | <u>293</u>           | <u>235</u>           |
| <b>Non-current liabilities</b>             |                      |                      |
| Contributions from members                 | 46,634               | 35,243               |
| Benefits on contributions from members     | 1,875                | 1,346                |
| <b>Total non-current liabilities</b>       | <u>48,509</u>        | <u>36,589</u>        |
| <b>Total liabilities</b>                   | <u>48,802</u>        | <u>36,824</u>        |
| <b>Fund balances</b>                       |                      |                      |
| Initial fund                               | 50,000               | 50,000               |
| Benefits on contributions from the Company | 5,348                | 4,662                |
| <b>Total fund balances</b>                 | <u>55,348</u>        | <u>54,662</u>        |
| <b>Total liabilities and fund balances</b> | <u>104,150</u>       | <u>91,486</u>        |

The statement of revenues and expenses of the DIPF which are included as parts of the statement of profit or loss and other comprehensive income for the years ended December 31, 2018 and 2017 were as follows:

|   | <b>Member's<br/>portion<br/>Thousand Baht</b> | <b>TFEX's<br/>portion<br/>Thousand Baht</b> | <b>Total<br/>Thousand Baht</b> |
|---|---|---|--------------------------------|
| <b>For the year ended December 31, 2018</b>                       |   |   |                                |
| <b>Revenues</b>   |   |   |                                |
| Interest income   | 734   | 952   | 1,686                          |
| <b>Total revenues</b>   | <b>734</b>                                    | <b>952</b>                                  | <b>1,686</b>                   |
| <b>Expenses</b>   |   |   |                                |
| Operating expenses  | 69  | 89  | 158                            |
| <b>Total expenses</b>   | <b>69</b>                                     | <b>89</b>                                   | <b>158</b>                     |
| <b>Revenues over expenses before<br/>income tax expense</b>       |   |   |                                |
|   | 665   | 863   | 1,528                          |
| Income tax expense  | (136)   | (177)                                       | (313)                          |
| <b>Revenues over expenses for the year</b>                        | <b>529</b>                                    | <b>686</b>                                  | <b>1,215</b>                   |
| Other comprehensive revenues and expenses                         | -   | -   | -                              |
| <b>Total comprehensive revenues and<br/>expenses for the year</b> | <b>529</b>                                    | <b>686</b>                                  | <b>1,215</b>                   |
|   | <b>Member's<br/>portion<br/>Thousand Baht</b> | <b>TFEX's<br/>portion<br/>Thousand Baht</b> | <b>Total<br/>Thousand Baht</b> |
| <b>For the year ended December 31, 2017</b>                       |   |   |                                |
| <b>Revenues</b>   |   |   |                                |
| Interest income   | 525   | 889   | 1,414                          |
| <b>Total revenues</b>   | <b>525</b>                                    | <b>889</b>                                  | <b>1,414</b>                   |
| <b>Expenses</b>   |   |   |                                |
| Operating expenses  | 65  | 111   | 176                            |
| <b>Total expenses</b>   | <b>65</b>                                     | <b>111</b>                                  | <b>176</b>                     |
| <b>Revenues over expenses before<br/>income tax expense</b>       |   |   |                                |
|   | 460   | 778   | 1,238                          |
| Income tax expense  | (92)  | (156)                                       | (248)                          |
| <b>Revenues over expenses for the year</b>                        | <b>368</b>                                    | <b>622</b>                                  | <b>990</b>                     |
| Other comprehensive revenues and expenses                         | -   | -   | -                              |
| <b>Total comprehensive revenues and<br/>expenses for the year</b> | <b>368</b>                                    | <b>622</b>                                  | <b>990</b>                     |

## 21. DISCLOSURE OF FINANCIAL INSTRUMENT INFORMATION

The Company presents and discloses financial instrument information of the Company as follows:

### 21.1 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.

### 21.2 Interest rate risk

Interest rate risk arises from fluctuations in market interest rates which may affect the Company's operating results and cash flows. The Company doesn't have interest rate derivative in order to manage fluctuation of the interest rate.

### 21.3 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 major shareholder, who has high credit quality and good reputation.

### 21.4 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.

The following table presents the financial assets and liabilities that are not measured at fair value as at December 31, 2018 and 2017.

|                                  | 2018                     |                          |                          |                        |
|----------------------------------|--------------------------|--------------------------|--------------------------|------------------------|
|                                  | Level 1<br>Thousand Baht | Level 2<br>Thousand Baht | Level 3<br>Thousand Baht | Total<br>Thousand Baht |
| Held-to-maturity debt securities | -                        | 98,196                   | -                        | 98,196                 |
| <b>Total</b>                     | <b>-</b>                 | <b>98,196</b>            | <b>-</b>                 | <b>98,196</b>          |

  

|                                  | 2017                     |                          |                          |                        |
|----------------------------------|--------------------------|--------------------------|--------------------------|------------------------|
|                                  | Level 1<br>Thousand Baht | Level 2<br>Thousand Baht | Level 3<br>Thousand Baht | Total<br>Thousand Baht |
| Held-to-maturity debt securities | -                        | 70,620                   | -                        | 70,620                 |
| <b>Total</b>                     | <b>-</b>                 | <b>70,620</b>            | <b>-</b>                 | <b>70,620</b>          |



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 major shareholder, 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.

#### **22. SIGNIFICANT AGREEMENT**

On January 31, 2018, the Company entered into Service Agreement with the Stock Exchange of Thailand for the services provided in marketing, operation and information technology system, administrative and other management. The Company shall pay or the service provided as a service fee as specified in the agreement. The agreement is for a period of the two years with effect from January 1, 2017. Upon expiration of the term, it shall be deemed that the contracting party agreed to extend the contract period for another one year from the expiry date.

#### **23. APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements have been approved for issue by the authorized director of the Company on February 20, 2019.

