



บริษัท สยามฟิวเจอร์ดีเวลอปเม้นท์ จำกัด (มหาชน)
SIAM FUTURE DEVELOPMENT PUBLIC COMPANY LIMITED



รายงานประจำปี 2547
ANNUAL REPORT YEAR 2004



SIAM FUTURE DEVELOPMENT PUBLIC CO., LTD.

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Message from the Board of Directors

The entrance of Major Cineplex Group Public Company Limited as the Company's shareholder since Year 2003 has been considered a remarkable business alliance and played a great role in continual expansion of the Company. Together with the trust and confidence in professional capability of the Company's management in managing open shopping center, the Company has been successful in gaining acceptance from tenants and customers who visit the Company's shopping centers, especially Thong Lor 4 shopping center and Thong Lor 15 shopping center, or J Avenue, opened in the 3rd quarter of Year 2004 as a lifestyle center or another meeting point for new generation. Moreover, the Company plans to open 2 large-scale shopping centers, called Power Center, in the 3rd quarter of Year 2005, i.e. Petch Kasem Power Center on Petch Kasem Soi 65 and Ekkamai Power Center located around Ekkamai Soi 6 – 8.

In Year 2004 the Company has also leased land and building of Piyarom Park project situated on Sukhumvit 101/1 from Piyarom Park Company Limited and renovated it into a modern family shopping center. In addition, the Company has opened 2 convenience centers, one on Ladprao 120 in the first quarter of Year 2004 and another one in Wang-Hin area where Lotus Express is located on. This continuous expansion will significantly increase the Company's rental and service income in the future, which will in turn increase the Company's net income.

Over the last financial year, Baht 622 million of revenue, an increase of 268.05% from Year 2003, were generated. Net income of Baht 210.3 million was recorded in Year 2004, 487.76% greater than that of the previous year. Such increase in revenue was resulted from a continual development of major projects by the Company.

In Year 2004 and the following years the Company continues to be abided by total quality management philosophy throughout the organization according to the good corporate governance through a continual development of the Company and its shopping centers which will provide a major attribute to an increase in the benefit to the shareholders.

The Board of Directors believes that with professional management approach, ethics and good corporate governance in doing business, the Company will be able to grow steadily and will provide a beneficial result in a long run.

The Board of Directors would like to convey an appreciation to supporters, suppliers, customers, financial advisors, financial institutions and staffs for their utmost support which brought a grateful success to the Company.

(Mr. Oranop Jantaraprapa)

Chairman



Audit Committee Report

The Audit Committee of Siam Future Development Public Company Limited was established in accordance with the resolution of the Board of Directors' meeting no. 1/2002 on 26th August 2002 and the Board of Directors' meeting no. 8/2003 on 9th June 2003. The Audit Committee with a qualification in compliance with the SET regulations consists of:

1. Ms. Nantiya Montriwat Chairman of the Audit Committee
2. Mr. Dusit Nontanakorn Member of the Audit Committee
3. Ms. Sabaithip Suntaros Member of the Audit Committee

During the Year 2004 the Audit Committee has convened 5 meetings and performed its duties pursuant to the mandate given from the Board of Directors. The Audit Committee has reviewed the quarterly and annual financial statements for the Year 2004 prior to submission to the Board of Directors and the SET. In addition, the Audit Committee has reviewed an internal control system to ensure that the Company's operation is conducted in a more appropriate, prudent and effective manner as well as in compliance with the SEC Act and other laws and regulations to which the operations of the company are subject to, including the disclosure of connected transactions and assessment of the compliance with the policies pertaining to principles of good corporate governance.

The Audit Committee is of the opinion that the Company's internal control system is well served according to principles of good corporate governance and no material failure was found. The Company's financial statements were in conformity with generally accepted accounting principles.

The Audit Committee agrees to appoint S.K. Accountant Services Company Limited by Mr. Somchai Kurujitkosol, Certified Public Accountant No. 3277, and/or Mr. Ampol Chamnongwat, Certified Public Accountant No. 4663, and/or Mr. Naris Saowalagsakul, Certified Public Accountant No. 5369, and/or Miss Wanraya Puttasatien, Certified Public Accountant No. 4387, as an auditor of the financial statements for the Year 2005.

(Ms. Nantiya Montriwat)

Chairman of the Audit Committee



General Information

Siam Future Development Public Company Limited "Company" was incorporated on August 29, 1994 by Mr. Pongkit Suttapong and Mr. Nopporn Witoonchart with 10 Million Baht registered capital to run the business in open-air shopping center development and management.

Presently the company owns altogether 21 operating projects as follows:

Type of shopping center	Number of shopping centers	Name of Shopping Centers
Neighborhood shopping center	8	Bangbon, Pracha-Utis, Sukhapiban 3, Sukhumvit 71 (Klong Ton), Thonglor, and Thungmahamek, The Family Center Chaeng Watthana, and Piyarom Place (Soi Sukhumvit 101/1)
Convenience shopping center	3	Ramindra Km.2, Wanghin, and Ladprao Soi 120
Stand-alone retail store	8	Ratchadaphisek – Huay Khwang, Ratchadaphisek-Rama3, Sathorn, Pattanakarn, Bangkae, Phaholyothin Km.27, Mengjai and Tha Phra.
Power Center	1	SF Major Cineplex Cha Choeng Sao
Lifestyle Center	1	J Avenue Thonglor 15

Additionally, we have 4 underconstruction projects which will open within 2005-2006 as follows:

1. Entertainment Center at Chaeng Watthana and Ratchadapisek
2. Power Center at Ekkamai Soi 8 and Petch Kasem Soi 65-67

The Company earns its income from 4 groups of major services:

1. Income from the project rental.
2. Income from the project management services and common area maintenance (CAM).
3. Income from providing location procurement fee.
4. Income from public utilities services consisting of electricity bills, water supply and telephone bills.



Company Profile

Siam Future Development Public Company Limited

Registration No. : 40854500691
Registration Date: August 29, 1994
(August 13, 2002 transform to public company)
Address: 7/5 Moo 1 Ramkhamhaeng Road, Saphansoong,
Bangkok, Thailand 10240.
Tel.: 0-2729-4969
Fax: 0-2729-4968
Website: <http://www.siamfuture.com>
Registered Capital: 500 Million Baht with 500 Million ordinary shares, par value of Baht 1
each.
Issued and Paid-up Capital: 403.62 Million Baht with 403.62 Million ordinary shares, par value of
Baht 1 each.

Vision

To be Number 1 mid size mall developer and a leader of new concept and innovation in
Thailand.

Other Reference Persons

Securities Registrar: Thailand Securities Depository Company Limited
62 The Stock Exchange of Thailand Building,
4th , 7th Floors Rachadapisek Road,
Klongtoey, Bangkok 10110
Tel.: 0-2359-1200-01
Fax: 0-2359-1259

External Auditors: Mr. Supachai Phanyawattano, CPA License No.3930
Mrs.Siraporn Eur-anankul, CPA License No.3844
Ernst & Young Office Limited
193/136-137 Lake Rachada Office Complex
33rd Floor New Rachadapisek Road,
Klongtoey, Bangkok ,Thailand 10110
Tel : 0-2264-0777, 0-2661-9190
Fax: 0-2264-0789-90, 0-2661-9192



Major Accomplishments of the Company

1994 ♦ Siam Future Development Public Company Limited was established with a purpose to conduct an open shopping center development and management services.

1995 ♦ The Company's first neighborhood shopping center was opened in Bang Bon with JUSCO as the anchor tenant.

1996 ♦ The 2nd and 3rd neighborhood shopping centers were opened in Pracha Uthit and Sukhapiban 3 with JUSCO and Tops Supermarket as the anchor tenants, respectively.

1997 ♦ Registered capital was increased to Baht 20 million.
♦ The 4th neighborhood shopping center was opened on Sukhumvit 71 with JUSCO as the anchor tenant.

2000 ♦ 14 branches of B-Quik were opened in Bang Bon, PrachaUthit, Sukhapiban3, Sukhumvit71, Ram Indra K.M. 2, Wang Hin, Ratchadaphisek-Huay Kwang, Ratchadaphisek-Rama III, Sathorn, Pattanakarn, Bang Kae, Phaholyothin K.M. 27, Meng Jai and Tapra.

2002 ♦ The Company's status was transformed to a public company and the registered capital increased to Baht 150 million, Baht 71 million of which being paid-up capital at par value of Baht 1 per share
♦ The Company was listed on the MAI on 17 December 2002.

2003 ♦ The 5th and 6th neighborhood shopping centers were opened in Thong Lor and Thung Mahamek with Tops Supermarket as the anchor tenant.
♦ Registered capital was increased to Baht 500 million. Major Cineplex Group Public Company Limited became one of the shareholders with 25% shareholding.
♦ The Company was granted an approval from the SET to transfer its listing from the MAI to the SET on 12 December 2003 and became effective on 1 January 2004.

2004 ♦ Acquired The Family Center Chaeng Watthana and Piyarom Park (Sukhumvit 101/1)
♦ Set up 2 subsidiaries by joint venture with landlord, Petch Kasem Power Center Co., Ltd. and Ekkamai Lifestyle Center Co., Ltd.
♦ Ladprao Soi 120 Convenience Center was opened.
♦ SF Major Cineplex Cha Choeng Sao, the 1st Power Center, was opened with Major Cineplex as an anchor tenant.
♦ J Avenue Thonglor 15, the 1st Lifestyle Center, was opened with Villa Market as an anchor tenant.



Financial Highlights

Siam Future Development Public Company Limited For the fiscal year ended 31 December

Unit: Thousand Baht	2004	2003	2002	Change	
				2004/2003	2003/2002
Total Assets	1,670,113	872,726	581,093	91.4%	50.3%
Total Liabilities	810,058	434,376	427,138	86.5%	1.8%
Registered Capital	500,000	500,000	150,000	0.0%	233.3%
Shareholders' Equity	860,055	438,350	153,955	96.2%	184.7%
Total Revenues	622,145	169,122	136,145	268.7%	22.3%
Gross Profit	483,033	83,713	76,593	479.7%	9.0%
Net Profit	210,373	35,766	33,818	488.2%	5.8%
Book Value per Share (Baht)	0.52 ¹	1.85 ²	2.17 ³		
Dividend per Share (Baht)	0.30 ⁴	0.10 ⁴	0.25		
Net Profit Margin	33.81%	21.2%	24.8%		
Return on Equity (ROE)	24.46%	8.2%	22.0%		
Return on Total Assets (ROA)	12.60%	4.1%	5.8%		
Debt to Equity Ratio (D/E Ratio)	0.9	1.0	2.8		

Note

* The Company Only

1 Issued and paid-up capital was Baht 403,621,687 and number of ordinary shares was 403,621,687 at a par value of Baht 1 per share

2 Issued and paid-up capital was Baht 237,499,935 and number of ordinary shares was 237,499,935 at a par value of Baht 1 per share.

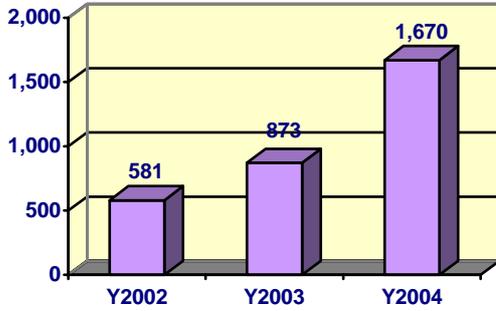
3 Issued and paid-up capital was Baht 71,000,000 and number of ordinary shares was 71,000,000 at a par value of Baht 1 per share.

4 Dividend per share to be presented to the shareholders' meeting for approval.



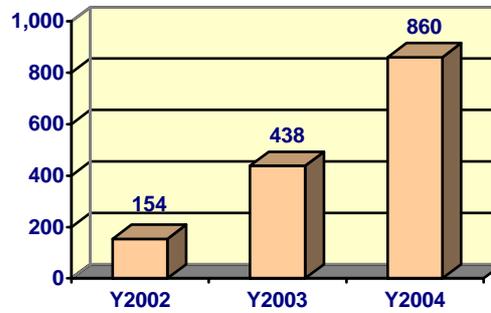
TOTAL ASSETS

Million Baht



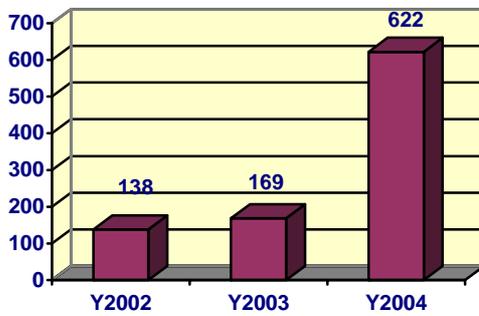
SHAREHOLDERS' EQUITY

Million Baht



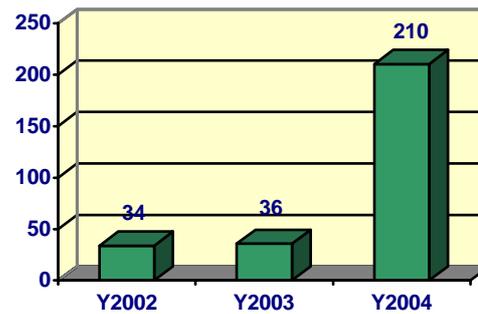
TOTAL REVENUES

Million Baht



NET PROFIT

Million Baht





Explanation and Analysis on the Financial Status and Operating Performance

Financial Status

Total Assets

As at 31 December 2004 the Company's total assets stood at Baht 1,670.1 million, an increase of Baht 797.4 million or 91.4% from Year 2003 figure. The increment consists of Baht 97.6 million increase in accounts receivable, being receivables arisen from the outstanding fee for business premise provision from major tenants of new projects, i.e. Petch Kasem Power Center and Ekkamai Power Center. It also comprises Baht 873.1 million increase in net land, building and equipment, Baht 788 million being derived from new projects having commenced operation such as J Avenue Thong Lor 15, Siam Future The Avenue (Chaeng Wattana) and Piyarom Place and Baht 85 million from the projects which will commence operation in Year 2005 and 2006 i.e. Petch Kasem Power Center, Ekkamai Power Center and The Esplanades Ratchadapisek. The increase in total assets was also resulted from the Baht 24.8 million increase in deposit for land lease and service for J Avenue (Thong Lor) and Piyarom Place (Sukhumvit 101/1) projects.

Total Liabilities

As at 31 December 2004, the Company's total liabilities stood at Baht 810.1 million, increasing by Baht 375.7 million or 86.5% from Year 2003 figure. Leasehold accounts payable increased by Baht 180.4 million due to leasehold expense of Piyarom Place and Petch Kasem Power Center projects. Rental and service deposits received from the Company's customers also rose by Baht 47.0 million as a result of additional deposits from 4 new projects while corporate income tax payable increased by Baht 101.4 million following the increase in the Company's profit.

Shareholders' Equity

The Company's total shareholders' equity stood at Baht 860.0 million, the increase of Baht 421.7 million from Year 2003 figure attributable to the conversion of warrant into ordinary shares totaling Baht 152.7 million and the increase in Year 2004 net profit of Baht 174.6 million or 488.2%. Accordingly, as at 31 December 2004 total retained earnings of the Company amounted to Baht 235.3 million.

Operating Performance

In relation to the operating performance for the year ended 31 December 2004, the Company's net profit amounted to Baht 210.4 million, increasing by Baht 174.6 million or 488.2% from Baht 35.8 million net profit of Year 2003. Such increase resulted from the Company's ability to continuously secure the prime locations for shopping center development.



Income

The Company's total revenues for Year 2004 amounted to Baht 622.1 million, increasing by Baht 453.4 million or 268.7% from the same period of Year 2003. Such increase comprised Baht 60.9 million increases, or Baht 191.7 million, in rental, service and utility income due to additional incomes from a commencement of new projects' operation, i.e. J Avenue (Thong Lor 15), Siam Future (Chachoengsao), Family Center Chaeng Wattana and Piyarom Place (Sukhumvit 101/1). It was also attributable to the increase of Baht 395.5 million, or 1,438.2% from Baht 27.5 million of Year 2003 to Baht 423.0 million, in income received from anchor tenants of new projects under construction for business premise provision service, i.e. Petch Kasem Power Center, Ekkamai Power Center and The Avenue Chaeng Watthana.

Expense

In Year 2004 total rental and service expenses amounted to Baht 139.1 million, accounting for 22.4% of total revenue. The amount depicted the increase of Baht 53.7 million or 62.9% from that of Year 2003 due to Baht 7.7 million amortization of land usage fee of The Esplanades (Ratchadapisek) project which has not commenced operation, as well as additional expenses incurred from the commencement of the operation of 5 new projects.

As a result of the increase in rental, service and utility income and rental and service expenses, the Year 2004 gross profit amounted to Baht 483.0 million or 77.6% of total revenues, rising by Baht 402.9 million or 553.4% from that of Year 2003.

Selling and administrative expenses totaled Baht 56.4 million or 9.1% of total revenues, the increase of Baht 22.4 million or 65.8% from the same period of Year 2003 due to the increase in the number of staff to source locations for new projects in order to support the Company's expansion.

Cash Flow

The Company's statements of cash flow as at 31 December 2004 indicated ending cash balance of Baht 89.8 million, a decrease of Baht 4.6 million from Year 2003 balance mainly due to an acquisition of fixed assets. However, net cash flow from operating activities and financing activities of the Company during the period were positive, amounting to Baht 648.5 million and Baht 84.0 million, respectively, while Baht 737.1 million of cash was spent in the investing activities.

Out of the total cash flow provided from operating activities, Baht 326.0 million were resulted from operating performance of the Company while Baht 322.3 million were derived from business operation being the accounts payable and corporate income tax payable. Baht 152.7 million of cash flow provided from financing activities were obtained from the conversion of warrant into ordinary shares.

Cash flow used in investing activities was for project investment being leasehold expenses of the new projects, including leaseholds and buildings of 5 projects commencing operation this year.



Nature of Business

Chronology and Major Development

Siam Future Development Public Company Limited was established on 29 August 1994 by Mr. Pongkit Suttapong and Mr. Nopporn Witoonchart with a registered capital of Baht 10 million as open shopping center developer and management service provider.

In 1995, the Company opened Bang Bon project as its first neighborhood shopping center with Jusco Supermarket as the anchor tenant.

In 1996 the Company opened its second and third neighborhood shopping centers, i.e. Pracha Uthit and Sukhapiban 3 projects. At present, Jusco Supermarket and Tops Supermarket are the anchor tenants, respectively.

In 1997 the Company increased its registered capital from Baht 10 million to 20 million to support further expansion. Subsequently in 1998 the Company opened its fourth neighborhood shopping center on Sukhumvit 71 (Klong Tan) Road with Jusco Supermarket as the anchor tenant.

In 2000 the Company successfully developed and provided the business premises for B-Quik Service Company Limited, an auto service company under the name of "B-Quik" under its 14 branches. The Company developed 2 branches as convenience centers and 8 branches as stand-alone retail stores. B-Quik's remaining 4 branches were established on the Company's existing neighborhood shopping centers.

In 2002, the Company was first listed on the MAI board with an increase in registered capital from Baht 20 million to 150 million and total paid-up capital of Baht 71 million. The Company also opened its fifth neighborhood shopping center in Soi Thong Lor. Tops Supermarket under the name "Market Place" was the anchor tenant.

In March 2003 the Company opened the sixth neighborhood shopping center in Thung Mahamek with Tops Supermarket as the anchor tenant.

In August 2003 the Company entered into a long-term lease agreement with an owner of the land on Thong Lor Soi 15 to be developed as its seventh neighborhood shopping center. In September and October 2003 the Company increased its registered capital to Baht 500 million via additional share allocation totaling 24 million shares to Major Cineplex Group Public Company Limited at a price of Baht 3.99 per share, and 142,499,935 shares to the existing shareholders at a proportion of 1:1.5 of existing shares : new shares at a price of Baht 1 per share.

In December 2003 the Company entered into a long-term lease agreement with the landlord of the land on Chaeng Watthana Road for development of its eighth neighborhood shopping center.

The Company was granted an approval to transfer the listing of its shares from the MAI board to the main board on 12 December 2003.

Note:

¹ Convenience center is a small shopping center in an area of around 1 rai close to the main road with a parking lot for merely 3 – 10 cars. The convenience center is available for 2 – 3 tenants, e.g. auto service center, convenience store, video rental and/or school.

² Stand-alone retail store is a one-shop retail store in an area of around ½ rai close to the main road. The stand-alone retail store is available for 1 tenant, e.g. auto service center, convenience store or retail shop.



In March 2004, the Company acquired The Family Center Chaeng Watthana from Thanarom Company Limited. Moreover, the Company leased the land nearby in order to develop a Lifestyle Center "The Avenue Chaeng Watthana" which will be open in 3rd Quarter, 2005. In this month, the Company also set up 3 subsidiaries with the landlord i.e. Petch Kasem Power Center Company Limited and Ekkamai Lifestyle Center Company Limited to operate Petch Kasem Power Center¹ and Ekkamai Power Center respectively. Another subsidiary is Siam Future Property Company Limited to operate Ratchadapisek Project. Here are the details of 3 subsidiaries:

Name of subsidiary	Registered Capital (Baht)	Shareholder Structure	
Petch Kasem Power Center Company Limited	100,000	Siam Future Development PLC	73.96%
		Connex Consultant Co., Ltd.	25.98%
		Others	0.06%
Ekkamai Lifestyle Center Company Limited	100,000	Siam Future Development PLC	50.96%
		Connex Consultant Co., Ltd.	48.98%
		Others	0.06%
Siam Future Property Company Limited	100,000	Siam Future Development PLC	99.93%
		Others	0.07%

In Addition, the Company opened Ladprao Soi 120 Convenience Center in March and SF Major Cineplex Cha Choeng Sao in June which is the first center outside Bangkok with Major Cineplex as an anchor tenant. In August, the Company opened a Lifestyle Center² "J Avenue Thonglor 15" with Villa Market, Villa Market GP Company Limited, as an anchor tenant. J Avenue Thonglor 15 is a Japanese concept lifestyle center for satisfying customers' needs of Japanese who live in Sukhumvit area. In September, the Company acquired Piyarom Park Sukhumvit 101/1 from Piyarom Park Company Limited with Marketplace, Central Food Retail Company Limited, as an anchor tenant.

Note:

¹ Power center is a large scale shopping center with more than 2 anchor tenants and specialty stores such as furniture shop, construction equipment and material, etc.

² Lifestyle center is an open shopping center which has supermarket as an anchor tenant, day-to-day product and specialty stores such as theatre, bowling, restaurant, bakery shop, beauty shop, music school.



**Details of the 21 present operating project
(Rental Area and Occupancy Rate)**

	Project	Anchor Tenant	Type of Shopping Center	Area (Rai-Ngan-Wah)	Rental Area (Sq.m.)	Occupancy Rate (%)
1	Bang Bon	Jusco Supermarket	Neighborhood Center	6 - 0 - 0	7,100	96
2	Pracha Utit	Jusco Supermarket	Neighborhood Center	6 - 3 - 10	6,669	100
3	Sukhapiban 3	Tops Supermarket	Neighborhood Center	9 - 2 - 21	6,411	100
4	Sukhumvit 71		Neighborhood Center	0 - 3 - 80	1,423	100
5	Thonglor 4	Tops Supermarket	Neighborhood Center	3 - 0 - 60	3,028	100
6	Thungmahamek	Tops Supermarket	Neighborhood Center	2 - 0 - 85	2,875	95.9
7	Family Center Chaeng Watthana		Neighborhood Center	5 - 3 - 19	5,989	90.4
8	Piyarom Place Sukhumvit 101/1	Tops Supermarket	Neighborhood Center	9 - 2 - 40	9,438	94.3
9	Cha Choeng Sao	Major Cineplex	Power Center	4 - 0 - 72	8,231	98.2
10	Thonglor 15	Villa Market	Lifestyle Center	3 - 3 - 58	7,316	100
11	Ram Indra K.M.2	B-Quik	Convenience Center	1 - 0 - 0	780	100
12	Wanghin	B-Quik	Convenience Center	0 - 1 - 71	535	100
13	Ladprao 120		Convenience Center	0 - 3 - 0	643	100
14	Bang Kae	B-Quik	Stand-Alone Retail Store	0 - 1 - 33	364	100
15	Meng Jai	B-Quik	Stand-Alone Retail Store	0 - 1 - 99	466	100
16	Phaholyothin K.M.27	B-Quik	Stand-Alone Retail Store	0 - 1 - 70	433	100
17	Huay Kwang	B-Quik	Stand-Alone Retail Store	0 - 0 - 99	314	100
18	Tapra	B-Quik	Stand-Alone Retail Store	0 - 1 - 43	355	100
19	Sathorn	B-Quik	Stand-Alone Retail Store	0 - 1 - 14	314	100
20	Pattanakarn	B-Quik	Stand-Alone Retail Store	0 - 0 - 80	318	100
21	Rama III	B-Quik	Stand-Alone Retail Store	0 - 1 - 27	343	100
	Total			56 - 3 - 81	63,379	

Note : As of December 14, 2004
Project No.14-21 occupied by B-Quik, the auto service center.



Market and Competition

Industry Overview

Shopping center development and management business directly relates to retail business, i.e. upon expansion of retail business, demand for business premise will increase accordingly.

¹ In Year 2004 the retail business was highly competitive due to the economic recovery following the implementation of various measures initiated by the government to stimulate the economic expansion of the country, thereby increasing the level of business expansion and purchasing power of the consumers. Business operators, accordingly, tried to identify strategies that best attract the customers. Due to such competition, the domestic retail business has expanded from Year 2003. The factors which support economic expansion are:

1. Private consumption and investment supported by the strong economic expansion in Year 2004. While the interest rate continuously remains at low level, the inflation rate has not increased substantially but remained under control. In addition, the deficit budget policy together with continuously implemented consumption stimulus measures also support the economic expansion.
2. Continual expansion of private consumption and investment. As a result of a number of risk factors influencing household spending plan, the household spending tends to slow down at a certain extent. The Year 2004 consumption therefore increased at the rate relatively close to or below 4.9% originally forecasted at the beginning of the year (based on expected GDP growth of 7.2% in Year 2004) compared with 5.6% of the previous year. Though the private consumption was expected to grow at a diminishing rate of 5.5% compared with last year growth, it is still considered satisfactory under current situation.
3. Government's public consumption stimulus measures, e.g. measures to increase the amount of minimum income subject to personal income tax waiver and to allow retired government official to use the requesting gratuity in advance.
4. The expansion of credit system, i.e. the expansion of credit card which gives rise to incremental purchase via credit system by consumers, franchised business credit program in order to provide support franchiser to expand and to provide new entrepreneurs the opportunity to strongly operate their business and to grow in the sustainable way.

In addition to the expansion of retail business which directly affects the expansion of shopping center development and management business, a changing lifestyle and the increase in purchasing power of the consumers according to the economic condition in

which the consumers become more health conscious have created an opportunity for products to capture more customers. In addition, as the consumers tend to shop more and more from shopping center and modern trade retail store than traditional trade retail store, i.e. grocery store and fresh market, the modern trade retail stores become capable to capture more market share which helps support the substantive expansion of retail business in the shopping center.

¹ Source: Highly Competitive Retail Business, Mr. Wichai Piyapattanamongkol, Business Research Journal, 2004.
Private Consumption in Year 04 Faces Many Risk Factors, Research Department, Bank of Ayudhya Public Company Limited.



Industry Outlook

Retail business in Thailand has a tendency to continue to grow, thereby encouraging growth of the shopping center development and management business in the same direction. Most of the existing retailers in the country plan to continue their business expansion. Moreover, some of the discount store retailers, such as Tesco Lotus and Big-C, have a definite plan to expand their branches in form of supermarket in the open shopping centers which are business that the Company operates and has expertise. Other retailers who have no presence in the country, e.g. drugstore, furniture store and supermarket, also plan to enter Thailand market and the Company has been contacted by many of these retailers.

Industry Competition

There is an intense competition for close shopping center development and management business in Thailand. However, level of competition for open shopping centers is lower as there are few players in the market, many of which have closed or ceased operation during the economic recession in the past few years. The remaining players are not direct shopping center developers and management providers, some of which are land owners with high investment power but not specialized in the business directly.

Shopping center development and management business requires intensive operational experience and fundamental knowledge. For example, A) selecting the right land plot suits to business which needs to take into consideration the location, entrance and exit, land size, zoning, traffic condition and direction in the neighboring area, number of population in the area and passer by, population expansion tendency, numerous related laws and regulations, utility system, number of competitors in the area, etc. B) business feasibility study, e.g. level of land rental, level of rental and service fee chargeable from customers, land development cost, cost of building construction, exterior design, electricity, water and telephone system installation, investment and cash management and return on investment C) business trend, e.g. appropriate concept of open shopping center which meets the requirement of tenants and consumers and appropriate tenant mix D) relationship with tenants in which the tenants must be confident and entrusted that their business in the Company's shopping center area will be successful, i.e. the shopping center developer and management provider should not do the business that compete with tenants, project concept should not be changed and any future construction which would be detrimental to all tenants should not be made throughout the long-term lease of 10 – 30 years, and E) knowledge and experience in common area maintenance (CAM) of the shopping center to ensure that the project is run smoothly and in an orderly manner.

The fact that intensive experience and fundamental knowledge in the shopping center development and management business is required as mentioned above could be one of the major barriers of entry resulting in only a small number of direct competitors in the industry and at the same time making it difficult for the new entrants to operate business successfully or to establish trust with tenants within a short period of time.

Number of Competitors

Competitors of the Company can be classified into direct competitor and indirect competitor where project size, form of shopping center, target group and other characteristics of each type of competitors are different as follows:

Direct competitors of the Company are those shopping center developer and management providers which can be categorized into 2 groups which are:

1. Open Shopping Center Developer and Management Provider: Presently, there are not many operators of open shopping center development and management business, most of which are small size operators such as land owners which there are not many of them in this business. In the past, direct competitors operating open shopping center were Siam Premier Group and First Pacific Group. These two groups, however, have not opened new open shopping center for many years.



2. Close Shopping Center Developer and Management Provider: Well-known operators of close shopping center development and management business with continuous business expansion, such as Central Group and The Mall Group, remain emphasized on the development and management of close shopping centers as indicated in the table on the next page. All shopping centers opened in the past 3 – 5 years by Central Group and The Mall Group are close shopping centers, e.g. Central Rama 2 and Central Rama 3 and The Emporium and Siam Paragon of The Mall Group. Other direct competitors in close shopping center business have not expanded their business significantly as some of them are renovating the existing shopping centers while some are under debt restructuring negotiation with their creditors. In conclusion, the close shopping center business operators with business expansion potential are not interested in entering the open shopping center business as they have expertise in close shopping center business while the project size of open shopping center may be considered too small for them.

Additionally, major customer groups of open shopping center differ from those of close shopping center. Major customer groups of open shopping center require convenience and swiftness, do not spend much time per visit but visit repeatedly due to convenient parking space, easy access to shops and shopping centers' locations on the way back to their residence. On the contrary, it requires relatively much time to shop in close shopping centers, making it difficult to find parking space as the customers will occupy the parking space for a long time according to time spent in the shopping center. The customers tend to visit close shopping center less frequently compared with those of open shopping center.

Indirect competitors of the Company are the retailers who develop and manage their own shopping centers, such as Tesco Lotus, Carrefour and Big-C. In fact, the target groups of customer for the retailers are different from those of the Company as the target customers of retailers are consumers while those of the Company are retailers. Due to the fact that retailers could not source sufficient professionals to develop and manage a number of new shopping centers, it is therefore necessary for them to develop and manage their shopping centers by themselves.

The development and management of the shopping center by retailers might have an impact on the Company in term of competition in securing the land for new projects and attracting consumers and retailers in case where these retailers open the new shopping centers nearby those of the Company. However, the number of such indirect competitors will be reduced should the Company be able to develop and manage more new shopping centers for the retailers.



Risk Factors

Risk of land acquisition for new projects

Land is the major raw material in developing and managing the shopping centers. The search for land in a proper area with the upside potential for the business both operationally and financially may take some time. In some area, there are only a few suitable places available. In renting or purchasing the lands, the negotiation with landlords can take both time and effort especially when there are many owners involved in the negotiation. Moreover, the expansion of large modern trade retailers would elevate the Company's risk in the search of lands for new projects as those retailers will compete with the Company in the searching process.

However, with long-time experience in the business, management of the Company has effective skills and techniques in contacting and negotiating with landlords. Thus, the Company has received considerably good conditions in rental agreements for every project. The Company also received the advices from retailers on the land which retailers would like the company to develop the new projects.

About the competition with other retailers in land acquisition, the Company will moderate the risk by signing the memorandum of understanding with landlords before negotiation in order to prevent the owners from contacting with other retailers. The Company tries not to offer higher price for the lands to compete with retailers since the higher price affects the project feasibility or the profit level. In contrast, the Company will negotiate with other competing retailers to develop and manage the shopping centers for them instead.

Risk of Business Competition

Risk of business competition mostly incurred from the indirect competitors, which are retailers who want to develop and manage the shopping centers themselves. Those retailers would compete with the Company in land acquisition and customers and tenants' attraction. The Company also faces risk of lower number of consumers which are tenants' customers if there are other new shopping centers opened in the nearby areas. This will affect the businesses of tenants, which in turn has an affect on the occupancy rates and rental and service fees of the company. From the past experience, the indirect competition does not have strong impact on the company as the company's projects located in the most outstanding location in the area. In addition, the coverage areas¹ of the Company's open shopping centers² are only 1-2 kilometers, thus, the company is not significantly affected from the opening of new shopping centers in the same area.

However, in order to reduce the effect of competition and to maintain the occupancy rate and rental and service fees, the company has done promotions occasionally and rolled over the tenants on the magnet areas to attract more tenants and consumers to the shopping centers. Presently, there are new shopping centers opens nearby the Company's Bang-Bon project and Pracha-Uthit project. However, the occupancy rates in both of the Company shopping centers are still higher than 90% all the time.

The Company also faces direct competition but at the low magnitude because there are few numbers of open shopping center operators and most of them are small entrepreneurs who are not professional operators. Besides, the other large capitalized competitors For example the discount stores such as Tesco Lotus and Big C are tendency to focus only on retail distributors. Therefore, these competitors are likely to be our potential business partner by our project management services.

Note

¹. Coverage Area is defined by the household area of which the target consumer for tenants located.

² Open Shopping Center is the shopping center where the parking lots are provided in the front of center. There are normally 1-3 Floors in comprise of 1-3 buildings shaped in either straight line, L shape or U shape. The air-condition corridor shall not be found on this type of center. On the other hand, Enclosed Shopping Center has parking area and shopping area within the building. The air-condition is provided among retail shops. At present, most of Thailand shopping center are account for this type of center such as Central Plaza, The Emporium, Seacon Square, Maboonkrong, Siam Discovery and Future Park.



Risk of Dependence on Anchors of the Neighborhood Shopping Centers

Anchors¹ in the neighborhood shopping centers will draw co-tenants² to Company's projects. Therefore, the Company would incur risk if the anchors terminate the contracts or close their businesses, in which may cause the co-tenants to terminate contracts with the Company. This results in the lower revenue of the firm. However, the Company has requested the down payments of rental and service fees from all anchors and some co-tenants on the contract date, so the risk would be much lower. In case that the anchors terminate the contracts because of their internal policy such as when Seiyu Supermarket ("Seiyu") from Japan, the previous anchor of Sukhapibal 3 neighborhood shopping center³, had policy to close its foreign stores, Seiyu then found another anchor (with approval from the Company) to re-rent the spaces (at present, Tops Supermarket is the anchor at Sukhapibal 3 neighborhood shopping center). The Company then earns revenue continuously. In developing and managing 14 branches of B-Quik Auto Service Center, the Company has signed the long-term rental contracts with every land lord on the condition that the Company can terminate the rental contracts if B-Quik terminates the business with the Company. Therefore, the Company is not accountable for the rental expenses with income from B-Quik. Moreover, if any tenants close the businesses and do not pay rental and service fees, the Company can repossess the spaces and re-rent to other anchors without refunding of prepaid rental and services fees. Currently, the Company believes that there will be no problem in finding new tenants especially the anchors because of the continuous expansion in retail business. The Company also frequently receives rental demand from potential tenants.

Risk of Finding Tenants

The Company may have risk in finding tenants in some shopping centers such as Bang Bon Project and Pracha Uthit Project where the Company has longer – term contracts with landlords but has only 15- year and 20-year contracts with tenants, respectively. Therefore, in the 15th and 20th year of mentioned projects, the Company has to find other anchors to rent the spaces for another 15 years and 10 years accordingly. However, the Company believes that there will be no problem in finding the new tenants because of the rapid expansion in retail business. The Company also receives rental demand from potential tenants continuously.

Another risk is the risk in finding tenants to meet 100% occupancy rate especially in some space that are not of the interest of tenants such as on the 3rd floor of the shopping centers. The Company solves the problem by finding tenants who do not require the space on the 1st and 2nd floors but prefer quiet atmosphere on the 3rd floor and lower rental fee when compare to the 1st and 2nd floors such as language schools, tutorial schools, and tae kwon do schools.

Though there are only few spaces left in some shopping centers, the Company strictly consider tenants who are not directly compete with the existing ones, operate the moral businesses, have strong financial position, and create the good tenants mix of each project.

Risk of an Increasing cost of Land for the New Projects

The cost of lands for new projects may increase either because the rental fees increase or because the Company has to purchase the lands. Rental fees may increase due to higher market price of land, The Company may have to purchase land due to landlords want to sell instead of renting in the long-run and there are no other good potential areas for shopping center development in each region. Generally, the Company chooses to develop only the profitable projects. If cost of the lands increase, the Company would charge higher rental and service fees in order to sustain the current rate of return. Then, the Company can reduce risk if an increasing cost of lands. Due to the stronger competition in

Note :

1 Anchors are the lessee who take major of the project rental space, commonly they are supermarkets or drug stores. These anchors would be like magnet for co-tenants to take other rental spaces in the project.

2 Co-tenants refer to the retail shops who join parts of the project's leasable area such as restaurants, beauty salon, book stores, video rental shops, language school, and clinic.

3 Neighborhood Shopping Center is a moderate size of shopping center nearby the community. It is designed for the consumer's convenience. Common size of these shopping center is about 3-5 Rai, providing the rental spaces about 2,700-14,000 Sq.m. The attraction to draw the consumers will be the Anchors such as supermarkets or drug stores complied with other 15-20 tenants who regularly are restaurants, book stores and etc.



retail business, most retailers are willing to pay high rental charge to take advantage of the superior locations over the competitors.

Risk of Discontinuity on Projects

As the Company rents lands from landlords for the shopping center operation, the Company incurs risk if the rental agreements are not extended after they are expired. However, the Company has long-term rental agreements for every current projects and the remaining life of the contracts exceed 10 years(except Ramindra KM.2 project, Bangkae project, and Pattanakarn project where there are remaining 7 years 11 months, 7 years 1 month, 6 years 2 months, and 3 years 1 month contract life respectively.) However, the Company intends to extend the contracts as appropriate.

Risk of Dependence on Limited Numbers of Experienced Personnel

The development and management of shopping centers require experienced and expert personnel for land acquisition, concept design of projects, tenant finding, and management of the project and common areas. If the Company loses or does not have sufficient number of personnel, the operation would be affected. The Company has prevented this type of risk by, firstly, providing both on-the job training and outside training to improve knowledge, skills, and experience of the employees. Employees of the Company can rotate to do the job in case some resign. Moreover, the Company encourages the employees to acquire additional knowledge about developing and managing the shopping centers. The Company also provides additional source of information, for instance, books, magazines, and other related techniques that concern the business so that employees have sufficient knowledge and are able to apply the knowledge to actual operations.

Risk of Future Exercise of Warrants

The Company has allotted the newly common shares for the exercise of warrants, which now remain 2,069,683 shares after the 4th exercise on 30 December, 2004. Though there will be no dilution effect on existing shareholders and the investors if exercise all warrant, the exercise of warrants in the future will reduce the earning per share if the company cannot generate sufficient profit to compensate the increase in numbers of shares from the exercise of warrants.

To reduce this risk, the company plans to open new neighborhood shopping centers and other type of open shopping centers in the future. Source of capital would be from the company's working capital, loans from financial institution (if necessary to lower the corporate income tax and increase return to shareholders) and capital from the exercise of warrants. The increase of profit from expansion would help lower the impact of the exercise of warrants on earning per share.

Risk of Adjustment of Exercise Price and Exercise Ratio of Warrants

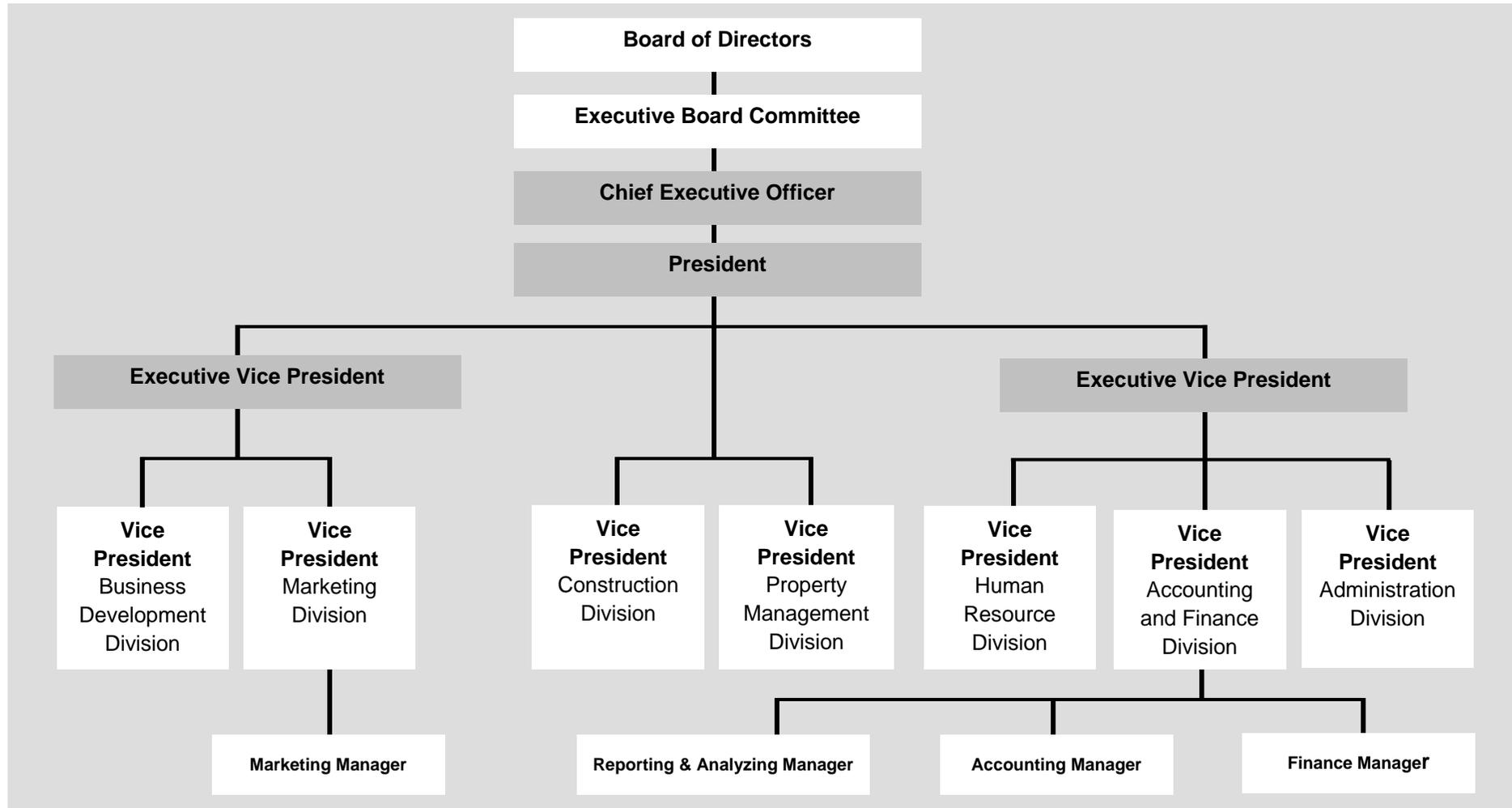
The prospectus section 4 No. 1.14 regarding the conditions on the adjustment of warrants stated that the company has to adjust the exercise price of warrant and the exercise ratio in order to maintain the benefits of warrant holders if some situations occur and affect their benefits after the issue of warrants.

Nevertheless, the adjustment will only reflect the intrinsic value of the warrants but ignore the effect of time value of the warrants. Thus, warrant holders incur the risk of receiving lower benefits as the adjustment cannot fully compensate for the benefits of warrant holders.



Organization Chart

Siam Future Development Public Company Limited





Shareholding Structure and Management

Shareholders

The top 10 major shareholders as listed in the shareholders' registration as at 31 January 2004 are as follows:

	Name of Shareholders	Number of Shares	Percentage
1.	Major Cineplex Group Public Company Limited	106,660,312	25.27%
2.	Mr. Pongkit Suttapong	36,670,562	8.62%
3.	Thai NVDR Company Limited	30,610,977	7.25%
4.	Mr. Nopporn Witoonchart	26,158,396	6.20%
5.	Miss Artitaya Jantaraprapa	22,572,375	5.35%
6.	Mrs. Kasinee Witoonchart	17,641,762	4.18%
7.	Mr. Akarim Jantaraprapa	11,629,340	2.76%
8.	Mrs. Junnipa Sathirapanya	9,548,699	2.26%
9.	Mrs. Supan Witoonchart	8,800,399	2.09%
10.	Mrs. Sawinee Jantaraprapa	7,693,125	1.82%
	Total	277,985,947	65.87%

Management Structure

Directors of Siam Future Development Public Company Limited can be divided into 3 categories as follows:

1. Board of Directors
2. Executive Board of Directors
3. Audit Committee

1. Board of Directors

The Company's Board of Directors consists of 11 directors as follows:

First Name – Last Name	Position
1. Mr. Oranop Jantaraprapa	Chairman and Chairman of Executive Board
2. Mr. Pongkit Suttapong	Vice Chairman
3. Mr. Nopporn Witoonchart	Director and Chief Executive Officer
4. Mr. Somnuk Pojkasemsin	Director and President
5. Mr. Dej Bulkul	Director
6. Mr. Vicha Poolvaraluck	Director
7. Mr. Verawat Ongvasith	Director
8. Mr. Chai Jarungtanapibal	Director



First Name – Last Name	Position
9. Ms. Nantiya Montriwat	Chairman of the Audit Committee
10. Mr. Dusit Nontanakorn	Member of the Audit Committee
11. Ms. Sabaithip Suntaros	Member of the Audit Committee

Authorized director

Directors authorized to sign on behalf of the Company are Mr. Oranop Jantaraprapa, Mr. Pongkit Suttapong, Mr. Nopporn Witoonchart, and Mr. Somnuk Pojkasemsin. Documents must be signed by any two of these Directors and affixed with the Company's stamp to bind the Company.

Authority and Responsibility of the Company's Board of Directors

1. Duty of the Board of Directors

In performing their duties, the Board of Directors has carefully utilized their knowledge, capability and experiences and complied with the Company's objectives, articles of association and shareholders' resolutions for the best interest of the Company and responsibility to the shareholders.

2. Review and approval of the appropriate policy

Except for the matters which prior resolution from the shareholders' meeting is required by law, the Board of Directors is responsible to review and providing opinion on the Company's policies and business strategies proposed by the Executive Board of Directors.

3. Governing of the Executive Board of Directors

The Board of Directors is responsible for supervising the Executive Board of Directors to effectively comply with the policies set forth and the regulations of SET and SEC on the applicable material matters and connected transactions. The Board of Directors may engage an independent advisor to provide professional opinion and/or advice to assist the Board of Directors in making their decisions on the matters materially affect the Company's operations, where necessary.

4. Establishment of an internal audit and control

The Board of Directors has supervised the Company to establish the effective internal control and internal audit systems in order to monitor the operations of the Company and to coordinate with the Audit Committee.

5. Independence of non-executive Directors' duty

The Audit Committee has independently and adequately utilized their discretion in reviewing the Company's strategies, business management, appointment of directors, matters affecting the stakeholders, accessing financial & other business information, operational policies as well as annual budget.

2. Executive Board of Directors

The Executive Board of Directors comprises 6 Directors as follows:

First Name – Last Name	Position
1. Mr. Oranop Jantaraprapa	Chairman of Executive Board
2. Mr. Nopporn Vitoonchart	Executive Director
3. Mr. Somnuk Pojkasemsin	Executive Director
4. Mr. Vicha Poonvoralluck	Executive Director
5. Mr. Warawoot Woothivongsa	Executive Director
6. Mr. Brian Hall	Executive Director



Authority and Responsibility of the Executive Board of Directors

1. To command, plan, and operate businesses of the Company following policy determined by Directors.
2. To approve the new investment projects.
3. To approve the expenses or payments beyond the authority of management.
4. To appoint the staff and manage from the department level and above for the benefits of effective and transparent management.
5. To determine the employees' benefits that suit the situations, and norms and at the same time comply with the prevailing laws
6. To perform other functions as occasionally assigned by the Board of Directors.

The approvals from the Executive Board of Directors discussed above will not include transactions related to members the Board of Directors or person with potential conflict of interest with the Company or subsidiary as well as the connected transactions and acquisition/disposal of the material assets of the Company of which resolution from the shareholders is required pursuant to the SET regulation.

3. The Audit Committee

The Audit Committee comprises 3 members as follows:

	First Name – Last Name	Position
1.	Ms. Nantiya Montriwat	Chairman of the Audit Committee
2.	Mr. Dusit Nontanakorn	Member of the Audit Committee
3.	Ms. Sabaithip Suntaros	Member of the Audit Committee

Authority and Responsibility of the Audit Committee

1. To review the company's financial report to ensure accuracy and adequacy;
2. To ensure that the company has an appropriate and efficient internal control system and internal audit;
3. To review the company's performance to ensure compliance with the Securities and Exchange Law, the regulations of the Stock Exchange of Thailand or laws relating to the company's business;
4. To consider, select, nominate and propose remuneration of an external auditor;
5. To consider the disclosure of the company's information in the case that there is a connected transaction or transaction that may lead to conflict of interest, so as to ensure accuracy and completeness;
6. To prepare the Audit Committee report, duly endorsed by the Chairman of the Audit Committee, to be disclosed in the company's annual report; and
7. To perform any other tasks as assigned by the Board of Directors with the approval of the Audit Committee

In performing the above-mentioned duties, the Audit Committee is directly responsible for the Board of Directors' action. The Board of Directors, however, continues its responsibility to the external parties for the company's operation.



BOARD OF DIRECTOR

Name / Position	Age (Yrs)	Education	Experience		
			Duration	Position	Company / Type of Business
1. Mr.Oranop Jantaraprapa Chairman Chairman of Executive Board Director and Authorized director	57	MBA East Texas State University	2002 - Present	Chairman	Siam Future Development Plc. Shopping Center Developer
			B.A. (Accountancy) Chulalongkorn University	1996 - 1998	Executive Vice President
		1990 – 1993		President	International Engineering Plc. Telecommunication
		1983 - 1990		Vice President, Operation Division	The Siam Cement Group Cement
				President	SCT Computer Co.,Ltd. (Siam Cement Group) Computer
				President	Pan Supplies Co.,Ltd (Siam Cement Group) Construction & Supply Machine
				Manager, Accounting department Manager, Trading department Manager, Finance department	Siam Cement Trading Co.,Ltd (Siam Cement Group) International Trading



Name / Position	Age (Yrs)	Education	Experience		
			Duration	Position	Company / Type of Business
2. Mr.Pongkit Suttapong Vice Chairman, Director and Authorized director	44	MBA (Marketing) National Institute of Development Administration (NIDA)	1994 - Present	Vice Chairman	Siam Future Development Plc. Shopping Center Developer
			2003 - Present	Directors Executive Director	SC Asset Corporation Plc. Real Estate Developer
		B.E. (Industrial Engineering) Khon-Kaen University	1994 - Present	Chairman of Board of Directors	Thonglor Pet Hospital
			1993 - 1994	Director & General Manager	The International Engineering Public Co., Ltd. Telecommunication
			1990 - 1993	Senior Vice President	
			1986 - 1989	Mobile Phone Department Manager	
		Director Certification Program(DCP)	1992 - 1994	Director	Shinawatra Telewitz Co.,Ltd Commerce & Service
			1991 - 1994	Director	Micronetic Co., Ltd. Telecommunication
			1989 - 1990	Regional Marketing Manager (South East Asia) Nokia Mobile Phone	Nokia (SEA) PTE. LTD, Singapore Office Mobile Phone
		3. Mr.Nopporn Witoonchart Chief Executive Officer Director Authorized director	40	B.E.(Computer Engineering), King Mongkut's Institute of Technology	1994 - Present
1994 - Present	General Manager				Sieng Somboon Co.,Ltd. Shopping Center Developer



Name / Position	Age (Yrs)	Education	Experience			
			Duration	Position	Company / Type of Business	
			1990 - Present	Executive Director	Witoon Holding Co.,Ltd. Real Estate	
			1987 - 1990	Engineer	SCT Computer Co.Ltd. (Siam Cement Group) Computer	
4. Mr.Somnuk Pojkasemsin	47	MS. (Accounting) Thammasat University	2002 - Present	President Director	Siam Future Development Plc. Shopping Center Developer	
President Director Authorized Director			2001 - 2002	Corporate Services Group Director	MotivationAsia (Thailand) Ltd. Marketing Service	
		B.A. (Accounting) Chulalongkorn University	1995 - 1999	Senior Vice President Internal Affair	International Engineering Public Co., Ltd. (IEC) Telecommunication	
			1991 - 1995	Vice President Finance and Administrative Division		
			1988 - 1991	Finance Manager	Bangkok Weaving Mill Co., Ltd Weaving	
			1985 – 1988	Cost Accountant	Laem-Thong Corporation Agricultural Industry	
			1980 - 1985	Senior Auditor	SGV-Na Thalang & Co., Ltd Audit Firm	
5.Mr.Dej Bulkul		54	B.A. (Accounting) Thammasat University	2004 - Present	Director	Siam Future Development Plc. Shopping Center Developer
Director						



Name / Position	Age (Yrs)	Education	Experience		
			Duration	Position	Company / Type of Business
			2004 - Present	Honorary Chairman	McThai Co., Ltd. (McDonald's Thailand) Fast Food
			1984 - 2004	Prsident	.
			1983 - 1984	Managing Director	Voradej Ltd., Part.
6. Mr. Vicha Poolvaraluck	41	MBA - Marketing Sandiago University, USA.	2003 - Present	Director	Siam Future Development Plc. Shopping Center Developer
Director		B.A. (Accounting) Chulalongkorn University	1998 - Present	Chairman of the Board of Directors President	Major Cineplex Group Plc. Cinema and Bowling
			2003 - Present	Director	California Fitness Center Co.,Ltd Fitness Center
7. Mr. Verawat Ongvasith	34	MBA. Boston University, USA.	2003 - Present	Director	Siam Future Development Plc. Shopping Center Developer
Director		B.A. (Accounting) Chulalongkorn University	1998 - Present	Director	Major Cineplex Group Plc. Cinema and Bowling
				Director	Ratchayotin Realty Co.,Ltd Property Developer
				Director	Ratchayotin Cinema Co.,Ltd



Name / Position	Age (Yrs)	Education	Experience			
			Duration	Position	Company / Type of Business	
					Cinema	
			2003 - Present	Director	California Fitness Center Co.,Ltd Fitness Center	
8. Mr. Chai Jarungtanapibal	47	Ms. (Accounting) Thammasat University	2003 - Present	Director	Siam Future Development Plc. Shopping Center Developer	
Director		B.A. (Accounting) Chulalongkorn University	2003 - Present	Chairman of the Audit Committee	Major Cineplex Group Plc. Cinema and Bowling	
				2003 - Present	Independent Director	Team Precision Co.,Ltd Electronic Circuit
				1998	Executive Consultant	Minor Group Hotel, Food & Beverage
9. Mrs. Nantiya Montriwat	56	MS.(Mathematical Insurance) University of Manitoba Canada	2003 - Present	Chairman of the Audit Committee	Siam Future Development Plc.	
Chairman of the Audit Committee			2002 -2003	Member of Audit Committee	Shopping Center Developer	
				2000 - Present	Senior Executive Vice President	Muang Thai Life Insurance Co.,Ltd
				1999	Executive Vice President	Insurance
			Bachelor of Statistic Chulalongkorn University	1990	Executive Vice President	
				1988	Senior Director, Administration division	



Name / Position	Age (Yrs)	Education	Experience		
			Duration	Position	Company / Type of Business
			1979	Director, Administration division	
10. Mr.Dusit Nontanakorn	57	Executive Program Harvard University	2002 - Present	Member of Audit Committee	Siam Future Development Plc. Shopping Center Developer
Member of Audit Committee		Executive Program Stanford University	1999 - Present	President	Siam Cement Trading Co.,Ltd (SiamCement Group)
		MBA (Marketing), University of California, in Los Angeles (UCLA)	1995	Executive Vice President	The Siam Cement Group Ceramic Industry
			1991 - 1995	President	Siam Gardian Glass Co.,Ltd Glass Industry
		Ms.(Civil Engineering) Ohio State University	1987 - 1991	President	Siam Cement Trading Co.,Ltd (SiamCement Group) Building & Decoration materials
			1982 - 1987	Director, Distribution Division	
			1981 - 1982	Director, Public Relation Division	
		Bachelor in Science of Civil Engineering Youngstown State University, Ohio	1979 - 1981	Chief of Marketing Division	
			1977 - 1979	Chief of Construction, Sales and Public	



Name / Position	Age (Yrs)	Education	Experience		
			Duration	Position	Company / Type of Business
11. Ms. Sabaithip Suntaros Member of Audit Committee	57	B.A. (Accounting) Chulalongkorn University	2003 - Present	Member of Audit Committee	Siam Future Development Plc. Shopping Center Developer
			2002 - Present	Member of working group	Tisco Charity Foundation
			2001 - 2002	Senior Vice President Custodian Services	TISCO Finance Plc.
			1997 - 2001	Senior Director Financial Division	TISCO Finance Plc.



Management

Name / Position	Age (Yrs)	Education	Experiences		
			Period	Position	Company / Type of Business
1. Mr. Nopporn Witoonchart Chief Executive Officer, Director and Authorized Director	40		Please see the Details in Board of Directors.		
2. Mr. Somnuk Pojkasemsin President, Director and Authorized Director	47		Please see the Details in Board of Directors.		
3. Miss Pornnipa Rujipairote Executive Vice President	42	MBA Bangkok University	2004 - Present	Executive Vice President	Siam Future Development PLC. Shopping Center Development
		B.B.A. Chulalongkorn university	1991 - 2004	Senior Vice President	International Engineering Public Co., Ltd. (IEC) Telecommunication
			1988 - 1991	Senior Auditor	Deloitte Touche Tomutsu (Thailand) Co.,Ltd. Audit Firm
4. Mr. Pipat Usayaporn Executive Vice President	40	MBA National Institute of Development Administration (NIDA)	2004 - Present	Executive Vice President	Siam Future Development PLC. Shopping Center Development
			1993 - 2004	Senior Manager, Business Development Department	Central Pattana Plc. Shopping Center



Name / Position	Age (Yrs)	Education	Experiences		
			Period	Position	Company / Type of Business
		B.A. Thammasart University	1990 - 1993	Business Development Manager	Watajuck Plc.
5. Mr. Jirarote Rueng-Udomtreechai	50	B.A. (Civil Engineering) Chulalongkorn University	2004 - Present	Vice President, Construction Division	Siam Future Development PLC. Shopping Center Development
Vice President, Construction Division			2003 - 2004	Civil Engineering Consultant	South East Asia Technology Co., Ltd. Construction
			1993 - 2004	Engineer	C.M.S. Engineering and Management Co., Ltd.
			1989 - 1992	Engineer	Asano Engineering Co., Ltd.
6. Miss Sumontha Meksingwee	36	MBA Ramkamhaeng university	2539 - Present	Vice President, Accounting and Finance Division	Siam Future Development PLC. Shopping Center Development
Vice President, Accounting and Finance Division		Certificate of Auditing Chulalongkorn University			
		Bachelor of Accounting The University of the Thai Chamber of Commerce	2533 - 2539	Senior Auditor	Deloitte Touche Tomutsu (Thailand) Co.,Ltd. Audit Firm
7. Mrs. Kanokrat Songsiri	39	Bachelor of Economic Ramkamhaeng university	2004 - Present	Vice President, Property Management Division	Siam Future Development PLC. Shopping Center Development
Vice President, Property Management Division			1987 - 2004	Assistant Vice President General Administration Division	International Engineering Public Co., Ltd. (IEC) Telecommunication



Selection of the Directors and Executives

The Company does not have a committee to select the Directors. The qualification, capability, experience and availability to regularly attend the meeting with the Board of Directors are the criteria considered by the Company in selecting the Directors. However, the appointment of Directors must be approved by the resolution of shareholders' meeting, according to the following procedures:

1. Each share has one voting right.
2. Each shareholder may exercise all of his/her voting rights pursuant to 1) above to appoint one or several persons as Director(s). In case the shareholder votes for more than one person, his/her voting right must be allocated equally among the nominees voted for by such shareholder.
3. The Directors will be appointed based upon the number of votes of each nominee and the number of nominees to be appointed will be in accordance with the then vacancy. In a situation where there is more than one nominee with equal number of votes, the final selection will be made by Chairperson of the meeting at his/her discretion.

In the first and second year after becoming a public company, the term of service of one-third of the Board of Directors will expire randomly. In the following years, the Directors who have been in their position for the longest period will be automatically ceased from service. However, the leaving Directors according to their term of service may be re-elected.



Report on Compliance with Principles of Good Corporate Governance

The Board of Directors recognizes the role, duty and responsibility in compliance with the Code of Best Practices for a listed company to ensure the transparency and to increase credibility and sustainable prosperity of the Company. The Company is in compliance with principles of good corporate governance by determining approach, policy and operational method which suits the nature of the organization characteristics with material contexts as follows:

1. Policy on corporate governance

The Company sets a policy regarding corporate governance and provides a great effort in treating all parties equitably, whether shareholders, stakeholders or other persons related to the Company, by disclosing sufficient information in a transparent and provable manner. The Company establishes an evaluation and risk control policy to control operational risk which may not be avoidable. It sets a sufficient control and internal audit, and policy on business conduct to be in accordance with the laws and business ethics.

2. Shareholders' right

The Company recognizes the importance of the right of shareholders and sufficient and prompt information necessary for decision making. Report of the news and information of the Company is provided in accordance with the regulations of related agencies. For example, in an invitation to the shareholders' meeting, the Company delivers invitation letter for shareholders' meeting together with annual report, supporting information required for the meeting agenda and opinion of the Board of Directors prior to the meeting date as abided by the laws. The shareholders are entitled to vote and appoint a proxy to attend the meeting on their behalf. The document containing such information is provided to the shareholders in accordance with the SET regulations. The Company's news is also reported via electronic system through the SET.

3. Stakeholders' right

The Company recognizes the importance of the rights of all groups of stakeholders by continually considering a protection of the rights and fair treatment among all groups of stakeholders, e.g. fair treatment to business counterparts, arrangement to provide to the staff and management remuneration in accordance with the scope of work, strict compliance with related laws and regulations.

4. Shareholders' meeting

The Company's Directors recognize the importance of participation in all shareholders' meeting. In 2004, one annual general shareholders' meeting were held. All Directors participated in these meetings. The Chairman of the meeting provided an equal opportunity for the shareholders to raise their inquiries and express their opinion and suggestions. The Company replied and provided complete information as requested by the shareholders.

5. Leadership and vision

The Board of Directors participates in providing approval in determining vision, duty, strategy, target, business plan and budget of the Company. The Board of Directors also clearly determines duty of the Executive Board of Directors and management, and supervises the management to effectively and efficiently perform in accordance with the set plan and budget.

6. Conflict of interest and use of internal information

To prevent the operation which might cause conflict of interest, the Company sets the policy on operation and transactions which might cause conflict of interest and connected transactions, and determines regulations prohibiting the management from using internal information for their personal interest as follows:



- It is the Board of Directors' authority to consider the connected investment or transaction. Directors who are connected to and/or have interest in such transaction are prohibited from voting on such matter in the meeting.
- The Company requires the Directors and management to report on a change in their holding of the Company's shares in compliance with the SEC regulations.
- The Company prohibits the management from trading the Company's shares for a period of 1 month prior to a release of the Company's financial statements to public.

In addition, the Company supervises the use of internal information by requiring the management and staff to keep the information regarding the Company and its customers confidential and prohibiting the use of such information available to them by authority for their personal interest or other purposes which might cause damage to the Company and its customers.

7. Business ethics

The Company' commitment requires the Board of Director, management and staff to conduct their duties with loyalty, fairness and responsibility which will ensure the transparency and provability of the operation.

8. Balance of power for non-executive Directors

In the Company's Board of Directors, 4 of them are executive Directors, 4 non-executive Director and 3 independent Directors. Independent Directors accounts for 30% of the Board of Directors which balance the power to ensure effectiveness of the management.

9. Segregation of positions

Chairman of the Board of Directors is a different person from Chairman of Audit Committee. These two positions have clearly separated duty and authority to provide confidence to the shareholders and stakeholders on the independence and appropriate balance of power.

10. Remuneration for Directors and management

The remuneration policy for Directors and management is clearly set. The shareholders will determine a fixed amount of Directors' remuneration annually. The Board of Directors establishes a policy regarding Directors' remuneration in an appropriate level which is sufficient to attract and retain the capable Directors. Remuneration for Directors and management for 2004 consists of salary and meeting allowance totaling Baht 24.50 million:

- 10.1 11 members of the company's Board of Directors received total meeting allowance of Baht 3.98 million.
- 10.2 11 Executive Directors and management received total remuneration of Baht 18.70 million.
- 10.3 No remuneration was paid in non-cash items.

11. Board of Directors' meeting

The Board of Directors' meeting is normally held every 3 months with a meeting date set in advance. Additional meeting may be called if required. The company's secretarial department will prepare the documents, meeting invitation letter together with meeting agenda at least 7 days prior to the meeting to allow sufficient timing for the Board of Directors to study on the information prior to attending the meeting. In 2004, 9 Board of Directors' meetings were held and each meeting took about 3 – 4 hours. The secretarial department had noted and prepared the minutes of all meetings in writing, and had kept the minutes certified by the Board of Directors to be examined by other parties.



12. Control and internal audit system

The company recognizes the importance of a good internal control system to ensure transparency and to develop the operational system which will maximize the operational efficiency. However, as the company is considered a moderate size company in term of the number of staff with a simple management structure which is considered one of the company's advantages. The internal control and internal audit can be conducted quite easily through the review of the hierarchy of approval and authority, flow of document and clear separation of the duty. In addition, the company arranges to have balance power and cross examination in an appropriate manner and appropriate control of use of the company's asset in the way that the company's benefit can be optimized.

The company also arranges to have a risk management to mitigate any damage which might be arisen by seeking opinion from an independent financial expert before entering into risk involved transactions, e.g. registration of the high-priced long-term lease of land comparing with the company's total assets, or offer of ordinary shares through private placement.

13. Directors' report

The Board of Directors is responsible for the company's financial statements and financial information provided in the annual report. They need to ensure that such financial statements are prepared in conformity with the Generally Accepted Accounting Principle of Thailand using the most appropriate accounting policy which is consistently applied, based on their conservative judgment and forecast. The Board of Directors needs to ensure that material information is sufficiently disclosed in the notes to financial statements. The Board of Directors establishes an efficient internal control system to reasonably ensure that the accounting records are correct, complete and sufficient to control assets and to reasonably create creditworthiness of the company's financial statements.

14. Relationship with the investors

The company has not established a specific unit to particularly deal with the investor relation issues as the level of such transactions is still modest. However the company assigns appropriate persons to, as appropriate, answer the inquiries and communicate with the investors and the analysts from various institutions. The company regularly discloses the information and news through electronic channel and other media of the SET and the company's web-site. The investors can obtain further information regarding the company at tel. (02) 729-4969 or <http://www.siamfuture.com>.



Report of Independent Auditor

To the Board of Directors and Shareholders of
Siam Future Development Public Company Limited

I have audited the accompanying consolidated balance sheet of Siam Future Development Public Company Limited and subsidiaries as at 31 December 2004, and the related consolidated statements of earnings, changes in shareholder's equity and cash flows for the year then ended, and the balance sheets of Siam Future Development Public Company as at 31 December 2004 and 2003, and the related statements of earnings, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the companies' management as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion the financial statements referred to above present fairly, in all material respects, the financial position of Siam Future Development Public Company Limited and subsidiaries as at 31 December 2004, the results of their operations and cash flows for the year then ended, and the financial positions of Siam Future Development Public Company Limited as at 31 December 2004 and 2003, the results of its operations and cash flows for the years then ended, in accordance with generally accepted accounting principles.

As discussed in Note 2 to the financial statements, there is no comparative figures of the consolidated financial statements for the year 2004 of Siam Future Development Public Company limited and subsidiaries, since the Company invested in its subsidiaries in March and April 2004.

Supachai Phanyawattano
Certified Public Accountant (Thailand) No. 3930

Ernst & Young Office Limited
Bangkok : 8 February 2005



SIAM FUTURE DEVELOPMENT PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS

AS AT 31 DECEMBER 2004 AND 2003

(Unit : Baht)

	Note	Consolidated		The Company Only	
		2004	2004	2004	2003
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		89,778,937	21,527,659	94,411,637	
Current investments	4	-	-	178,243,609	
Trade accounts receivable		123,990,036	36,990,036	26,346,376	
Amounts due from subsidiaries	5	-	3,832,790	-	
Other current assets					
Prepaid expenses		4,740,032	4,740,032	4,061,046	
Others		15,075,607	15,065,060	11,823,486	
TOTAL CURRENT ASSETS		233,584,612	82,155,577	314,886,154	
NON-CURRENT ASSETS					
Fixed deposits with restrictions	6	8,212,400	8,212,400	24,351,400	
Investments accounted for under equity method					
Investments in subsidiaries	7	-	176,308,201	-	
Property, plant and equipment - net	8	1,383,871,403	1,205,177,104	510,746,591	
Other non-current assets					
Retentions for leased land and services		41,509,668	41,509,668	16,699,668	
Deposits for utility use		674,409	555,409	874,409	
Withholding income tax		-	-	2,465,780	
Others		2,260,103	2,260,103	2,702,390	
TOTAL NON-CURRENT ASSETS		1,436,527,983	1,434,022,885	557,840,238	
TOTAL ASSETS		1,670,112,595	1,516,178,462	872,726,392	

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



SIAM FUTURE DEVELOPMENT PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS (Continued)

AS AT 31 DECEMBER 2004 AND 2003

(Unit : Baht)

		Consolidated	The Company Only	
	<u>Note</u>	<u>2004</u>	<u>2004</u>	<u>2003</u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Bank overdrafts and loans from financial institutio	9	6,703,955	6,703,955	45,306,243
Trade accounts payable		186,761,904	120,718,760	6,351,643
Short - term loans from subsidiaries	5	-	120,000,000	-
Current portion of unearned rental and service income		29,315,250	29,154,139	26,495,639
Current portion of liabilities under financial lease agreements		2,201,411	2,201,411	2,022,627
Current portion of hire purchase creditor		1,290,794	1,290,794	1,208,855
Other current liabilities				
Corporate income tax payable		107,185,463	4,973,545	5,779,614
Others		32,530,971	29,678,794	17,415,730
TOTAL CURRENT LIABILITIES		365,989,748	314,721,398	104,580,351
NON-CURRENT LIABILITIES				
Long - term trade accounts payable - net of current portion		36,000,000	36,000,000	-
Unearned rental and service income - net of current portion		279,287,043	264,948,154	244,524,439
Liabilities under financial lease agreements - net of current portion		889,292	889,292	3,090,704
Hire purchase creditor - net of current portion		792,996	792,996	2,083,789
Deposits and lease retentions		127,098,827	124,350,442	80,096,830
TOTAL NON-CURRENT LIABILITIES		444,068,158	426,980,884	329,795,762
TOTAL LIABILITIES		810,057,906	741,702,282	434,376,113

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



SIAM FUTURE DEVELOPMENT PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS (Continued)

AS AT 31 DECEMBER 2004 AND 2003

(Unit : Baht)

		Consolidated	The Company Only	
	<u>Note</u>	<u>2004</u>	<u>2004</u>	<u>2003</u>
SHAREHOLDERS' EQUITY				
Share capital	<i>10,11</i>			
Registered				
500,000,000 ordinary shares of Baht 1 each		500,000,000	500,000,000	500,000,000
Issued and fully paid				
403,621,687 ordinary shares of Baht 1 each				
(2003 : 237,499,935 ordinary shares of Baht 1 each)		403,621,687	403,621,687	237,499,935
Share premium		117,154,844	117,154,844	117,154,844
Share subscription received in advance	<i>11</i>	18,426,478	18,426,478	31,844,173
Unrealised gains from changes in fair value				
of investments in available-for-sale securities	<i>4</i>	-	-	16,328
Retained earnings				
Appropriated - statutory reserve	<i>12</i>	13,997,879	13,997,879	3,479,250
Unappropriated		221,275,292	221,275,292	48,355,749
Equity attributable to the Company's shareholders		774,476,180	774,476,180	438,350,279
Minority interest - equity attributable to minority shareholders of subsidiaries		85,578,509	-	-
TOTAL SHAREHOLDERS' EQUITY		860,054,689	774,476,180	438,350,279
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,670,112,595	1,516,178,462	872,726,392

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

SIAM FUTURE DEVELOPMENT PUBLIC COMPANY LIMITED AND SUBSIDIARIES
EARNINGS STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

(Unit : Baht)

		Consolidated	The Company Only	
	<u>Note</u>	<u>2004</u>	<u>2004</u>	<u>2003</u>
REVENUES				
Rental income		95,256,998	95,256,998	68,329,612
Service income		56,516,133	56,516,133	32,981,721
Location procurement fees	13	423,000,000	45,000,000	27,500,000
Utility service income		39,916,868	39,916,868	29,775,559
Other income				
Gain on sales of investment in subsidiary		-	-	1,938,662
Others		7,455,492	11,057,670	8,596,770
Share of gain (loss) from investments accounted for under equity method		-	176,083,201	(392,239)
TOTAL REVENUES		622,145,491	423,830,870	168,730,085
EXPENSES				
Cost of rental and services		139,112,035	139,112,035	85,409,183
Selling and administrative expenses		56,424,629	55,184,747	34,035,766
Directors' remuneration	14	3,980,000	3,980,000	2,910,000
TOTAL EXPENSES		199,516,664	198,276,782	122,354,949
EARNINGS BEFORE INTEREST EXPENSES, INCOME TAX AND MINORITY INTEREST				
		422,628,827	225,554,088	46,375,136
INTEREST EXPENSES		(584,151)	(584,151)	(860,347)
CORPORATE INCOME TAX	15	(126,168,584)	(14,597,354)	(9,748,161)
EARNINGS BEFORE MINORITY INTEREST		295,876,092	210,372,583	35,766,628
MINORITY INTEREST IN EARNINGS OF SUBSIDIARIES		(85,503,509)	-	-
NET EARNINGS FOR THE YEAR		210,372,583	210,372,583	35,766,628
EARNINGS PER SHARE				
Basic earnings per share				
Net earnings	17	0.63	0.63	0.23
Diluted earnings per share				
Net earnings	17	0.51	0.51	0.16

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



SIAM FUTURE DEVELOPMENT PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003

(Unit : Baht)

		Consolidated						
Note	Issued and fully paid share capital	Share premium	Share subscription received in advance	Unrealised gains from changes in fair value of investments in available-for- sale securities	Retained earnings		Minority interest	Total
					Appropriated- statutory reserve	Unappropriated		
Balance as of 31 December 2003	237,499,935	117,154,844	31,844,173	16,328	3,479,250	48,355,749	-	438,350,279
Increase in share capital from the exercises								
of warrants	10	166,121,752	-	(166,121,752)	-	-	-	-
Receipt of share subscription in advance	11	-	-	152,704,057	-	-	-	152,704,057
Decrease in fair value of investments	4	-	-	(16,328)	-	-	-	(16,328)
Net earnings for the year		-	-	-	-	210,372,583	85,503,509	295,876,092
Appropriation to statutory reserve	12	-	-	-	10,518,629	(10,518,629)	-	-
Dividend payment	18	-	-	-	-	(26,934,411)	-	(26,934,411)
Increase in minority interest from the first time investments in subsidiaries		-	-	-	-	-	75,000	75,000
Balance as of 31 December 2004	403,621,687	117,154,844	18,426,478	-	13,997,879	221,275,292	85,578,509	860,054,689

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



SIAM FUTURE DEVELOPMENT PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)
FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003
(Unit : Baht)

The Company Only							
Note	Issued and fully paid share capital	Share premium	Share subscription received in advance	Unrealised gains from changes in fair value of investments in available-for- sale securities	Retained earnings		Total
					Appropriated- statutory reserve	Unappropriated	
Balance as of 31 December 2002	71,000,000	49,137,035	-	-	1,690,919	32,127,452	153,955,406
Issue of ordinary share at premium	166,499,935	68,017,809	-	-	-	-	234,517,744
Appropriation to statutory reserve	-	-	-	-	1,788,331	(1,788,331)	-
Dividend payment	-	-	-	-	-	(17,750,000)	(17,750,000)
Receipt of share subscription in advance	-	-	31,844,173	-	-	-	31,844,173
Increase in fair value of investments	-	-	-	16,328	-	-	16,328
Net earnings for the year	-	-	-	-	-	35,766,628	35,766,628
Balance as of 31 December 2003	237,499,935	117,154,844	31,844,173	16,328	3,479,250	48,355,749	438,350,279
Increase in share capital from the exercises of warrants	166,121,752	-	(166,121,752)	-	-	-	-
Receipt of share subscription in advance	-	-	152,704,057	-	-	-	152,704,057
Decrease in fair value of investments	-	-	-	(16,328)	-	-	(16,328)
Net earnings for the year	-	-	-	-	-	210,372,583	210,372,583
Appropriation to statutory reserve	-	-	-	-	10,518,629	(10,518,629)	-
Dividend payment	-	-	-	-	-	(26,934,411)	(26,934,411)
Balance as of 31 December 2004	403,621,687	117,154,844	18,426,478	-	13,997,879	221,275,292	774,476,180

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



SIAM FUTURE DEVELOPMENT PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003
(Unit : Baht)

	<u>Consolidated</u>	<u>The Company Only</u>	
	<u>2004</u>	<u>2004</u>	<u>2003</u>
Cash flows from (used in) operating activities			
Net earnings	210,372,583	210,372,583	35,766,628
Adjustments to reconcile net earnings to net cash provided by (paid from) operating activities :-			
Depreciation	33,725,655	33,725,655	26,808,492
Amortisation of leaseholds	21,759,810	21,759,810	8,234,578
Share of (gain) loss from investments accounted for under equity method	-	(176,083,201)	392,239
Gains on sales of investment in subsidiary	-	-	(1,938,662)
Gains on sales of securities	(124,234)	(124,234)	(282,562)
Amortisation of investment discount	(22,181)	(22,181)	(35,288)
Write off withholding income tax	2,465,780	2,465,780	-
Loss on sales of equipment	6,696	6,696	58,478
Realisation of unearned rental and service income	(27,487,785)	(27,487,785)	(26,383,278)
Minority interest in earnings of subsidiaries	85,503,509	-	-
	<u>326,199,833</u>	<u>64,613,123</u>	<u>42,620,625</u>
(Increase) decrease in operating assets :-			
Trade accounts receivable	(97,643,660)	(10,643,660)	(23,588,561)
Amounts due from subsidiaries	-	(3,832,790)	-
Prepaid expenses	(678,986)	(678,986)	(2,582,062)
Advances	-	-	8,400,000
Other current assets	(3,252,659)	(3,242,112)	(4,411,694)
Other non-current assets	(21,167,713)	(21,048,713)	(16,015,328)
Increase (decrease) in operating liabilities :-			
Trade accounts payable	216,410,261	150,367,117	(12,030,819)
Corporate income tax payable	101,405,849	(806,069)	4,433,707
Other current liabilities	15,115,241	12,263,064	7,032,932
Deposits and lease retentions	47,001,997	44,253,612	10,148,586
Unearned rental and service income	65,070,000	50,570,000	-
Net cash flows from operating activities	<u>648,460,163</u>	<u>281,814,586</u>	<u>14,007,386</u>

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



SIAM FUTURE DEVELOPMENT PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEARS ENDED 31 DECEMBER 2004 AND 2003
(Unit : Baht)

	Consolidated	The Company Only	
	<u>2004</u>	<u>2004</u>	<u>2003</u>
Cash flows from (used in) investing activities			
Decrease (increase) in fixed deposits with restrictions	16,139,000	16,139,000	(21,200,000)
Decrease in short-term loans to other company	-	-	5,000,000
Increase in investments in subsidiaries	-	(225,000)	-
Proceeds from sales of investment in subsidiary	-	-	510,000
Decrease (increase) in fixed deposits	100,000,000	100,000,000	(30,000,000)
Decrease (increase) in treasury bills	65,000,000	65,000,000	(64,935,753)
Decrease in investments in debt securities	-	-	11,407,844
Increase in investments in unit trusts	-	-	(13,250,000)
Proceeds from sales of investments in unit trusts	13,374,234	13,374,234	-
Proceeds from sales of equipment	27,800	27,800	57,500
Purchases of fixed assets	(931,644,773)	(752,950,474)	(105,274,913)
Net cash flows used in investing activities	<u>(737,103,739)</u>	<u>(558,634,440)</u>	<u>(217,685,322)</u>
Cash flows from (used in) financing activities			
Increase (decrease) in bank overdrafts and loans from financial institutions	(38,602,288)	(38,602,288)	28,064,308
Increase in short-term loans from subsidiary	-	120,000,000	-
Repayment of liabilities under financial lease agreements	(2,022,628)	(2,022,628)	(1,858,362)
Repayment of hire purchase creditor	(1,208,854)	(1,208,854)	(1,132,119)
Proceeds from capital increase	-	-	238,259,935
Cash paid for the costs of issuing ordinary shares	-	-	(3,742,191)
Proceeds from the exercises of warrants	152,704,057	152,704,057	31,844,173
Cash received from minority shareholders from the first time investments in subsidiaries	75,000	-	-
Dividend paid	(26,934,411)	(26,934,411)	(17,750,000)
Net cash flows from financing activities	<u>84,010,876</u>	<u>203,935,876</u>	<u>273,685,744</u>
Net increase (decrease) in cash and cash equivalents	<u>(4,632,700)</u>	<u>(72,883,978)</u>	<u>70,007,808</u>
Cash and cash equivalents at beginning of year	94,411,637	94,411,637	24,403,829
Cash and cash equivalents at end of year	<u>89,778,937</u>	<u>21,527,659</u>	<u>94,411,637</u>
Supplemental cash flows information :-			
Cash paid during the year for			
Interest expenses	537,574	537,574	860,347
Corporate income tax	24,768,455	15,409,923	5,325,949

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



SIAM FUTURE DEVELOPMENT PUBLIC COMPANY LIMITED AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Siam Future Development Public Company Limited (hereinafter referred to as “the Company”) was incorporated as a limited company under Thai laws and registered to change its status to a public company under the Public Limited Company Act on 13 August 2002. Its registered address is 7/5 Moo 1, Ramkamhang Road, Kwaeng Saphansoong, Khet Saphansoong, Bangkok.

The Company’s principal activity is the rental of building space and provision of utilities services in four categories. These comprise (a) Short-term and long-term rental of building space, with rental terms of 1-3 years and 10-30 years, respectively (b) Project and center area management services whereby the term of service is in accordance with the terms of rental mentioned above (c) Provision of utilities, which comprise electricity, water and telephones (d) Location procurement services, which are provided separately from the services in (a) to (c).

2. BASIS OF CONSOLIDATION

The consolidated financial statements as at 31 December 2004 and for the year then ended incorporate the financial statements of Siam Future Development Public Company Limited (hereinafter called “the Company”) and the following subsidiaries :-

Subsidiaries	Percentage owned by the Company	Nature of business	Assets as a percentage of the consolidated totals	Revenues as a percentage of the consolidated totals
Petchkasem Power Center Company Limited	74	Space rental building and utilities services	14.04	43.09
Ekkamai Lifestyle Center Company Limited	51	Space rental building and utilities services	5.97	17.70
Siam Future Property Company Limited	100	Space rental building and utilities services	0.01	-

Outstanding balances and material transactions between the Company and subsidiaries have been eliminated from the consolidated financial statements.

There is no comparative figures of consolidated financial statements for the year 2004 of Siam Future Development Public Company Limited and subsidiaries, since the Company invested in its subsidiaries in March and April 2004.



3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting standards pronounced by the Institute of Certified Accountants and Auditors of Thailand which are effective under the Accounting Act B.E. 2543.

Significant accounting policies adopted by the Company and subsidiaries are summarised below :-

3.1 Revenues recognition

Rental income is recognised over the period of the lease agreement, while service income is recognised when the service has been rendered.

Location procurement fee is recognised as income when the service contract is signed.

Utilities service income is recognised in the month in which the invoice is issued.

3.2 Unearned rental and service income

This represents rental and service income received in advance from customers under rental and service agreements. It is recognised as income over the terms of the agreement, which are for between 10 and 30 years.

3.3 Investments

Investments in subsidiary and associated companies are stated under the equity method.

Investments in securities for trading are stated at fair value. The change in the value of investments is included in determining earnings.

Investments in available-for-sale securities are determined at fair value. Gains or losses on changes in the value of investments are shown as a separate item under the shareholders' equity in the balance sheet.

Investments in held-to-maturity securities are determined at cost after amortisation.

Premium and discounts on debt securities are amortised using the effective interest rate method and included in interest income.

3.4 Property, plant and equipment / Depreciation

Property, plant and equipment are stated at cost, less accumulated depreciation and allowance for loss on impairment of assets (if any). Depreciation of plant and equipment is calculated by reference to their costs on the straight-line method over their estimated useful lives, which are as follows :-



Leaseholds and leasehold improvements	-	Period of land lease
Building on leased land	-	Period of land lease
Office improvements	-	5 years
Office equipment	-	5 years
Leased equipment	-	Period of equipment lease
Computer and equipment	-	3 years
Vehicles	-	5 years

No depreciation is provided for work in progress.

3.5 Earnings per share

Basic earnings per share for the year 2004 is determined by dividing net earnings for the year by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share for the year 2004 is calculated by dividing net earnings for the year, adjusted to reflect the effect of transactions relating to dilutive securities, by the sum of the weighted average number of ordinary shares in issue and the weighted average number of ordinary shares to be issued for conversion of all dilutive securities to ordinary shares.

Basic earnings per share for the year 2003 is determined by dividing net earnings for the year by the number of ordinary shares, which is determined by multiplying the weighted average number of ordinary shares in issue during the year by an adjustment factor (determined by dividing fair value per share prior to the exercise of rights by the theoretical ex-rights fair value per share) due to the Company made a rights offering to its existing shareholders to purchase additional shares at a price lower than the fair value, as discussed in Note 10 to the financial statements.

Diluted earnings per share for the year 2003 is calculated by dividing net earnings for the year, adjusted to reflect the effect of transactions relating to potential shares, by the sum of the weighted average number of ordinary shares in issue multiplied by the aforementioned adjustment factor, and the weighted average number of ordinary shares to be issued for conversion of all potential shares to ordinary shares.

3.6 Use of accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates for certain accounting transactions, affecting amounts reported in the financial statements and notes related thereto. Subsequent actual results may differ from these estimates.



4. CURRENT INVESTMENTS

As at 31 December 2004 and 2003, the Company had the following current investments:-

	(Unit : Baht)		
	Consolidated	The Company Only	
	<u>2004</u>	<u>2004</u>	<u>2003</u>
Investments in unit trusts - available-for-sale securities			
Investments in open – end mutual fund	-	-	13,250,000
Add : Unrealised gains from changes in fair value of investments	-	-	16,328
Fair value of investments	-	-	13,266,328
Investments in held-to-maturity securities			
Treasury bills	-	-	64,977,281
Fixed deposits	-	-	100,000,000
Total current investments	-	-	178,243,609

During the second quarter of 2004, the Company disposed of all of its investments in unit trusts, with gains from disposal amounting to approximately Baht 0.1 million.

5. RELATED PARTY TRANSACTIONS

During the years, the Company had business transactions with subsidiaries and related company (related by way of common shareholders and/or common directors). Such transactions were concluded on the terms and basis as determined by the Company and those companies and in the ordinary course of business. The significant transactions are summarised below :-

	Pricing policy	(Unit : Million Baht)			
		Consolidated		The Company Only	
		<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Management fee income	Contract price	-	-	3.8	-
<u>Transactions with related company</u>					
Rental and service income	Contract price	2.7	-	2.7	-
Utility service income	Contract price	1.4	-	1.4	-
Location procurement fee	Contract price	10.0	-	10.0	-
Management fee expense	Contract price	0.3	-	0.3	-

The outstanding balances with the related parties have been separately shown in the balance sheets, and can be summarised as follows :-



(Unit : Baht)

	Relation	Consolidated	The Company Only	
		2004	2004	2003
<u>Amounts due from subsidiaries</u>				
Petchkasem Power Center Company Limited	Subsidiary	-	2,257,902	-
Ekkamai Lifestyle Center Company Limited	Subsidiary	-	1,558,568	-
Siam Future Property Company Limited	Subsidiary	-	16,320	-
Total		-	3,832,790	-
<u>Short-term loans from subsidiaries</u>				
Petchkasem Power Center Company Limited	Subsidiary	-	90,000,000	-
Ekkamai Lifestyle Center Company Limited	Subsidiary	-	30,000,000	-
Total		-	120,000,000	-

Short-term loans from subsidiaries represent promissory notes, repayable at call and carrying interest at the rates of 0.75% and 1% per annum.

6. FIXED DEPOSITS WITH RESTRICTIONS

These represent fixed deposits with banks which are pledged as collateral to secure the issuance of bank guarantees by those banks.

**7. INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD**

	Paid-up capital	Equity interest		(Unit : Baht) The Company Only	
		<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
		Percent	Percent		
<u>Investments in subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Petchkasem Power Center Co., Ltd	100,000	74	-		
Acquisition cost				74,000	-
Add : Accumulated share of profit				137,387,677	-
				<u>137,461,677</u>	<u>-</u>
Ekkamai Lifestyle Center Co., Ltd.	100,000	51	-		
Acquisition cost				51,000	-
Add : Accumulated share of profit				38,751,844	-
				<u>38,802,844</u>	<u>-</u>
Siam Future Property Co., Ltd.	100,000	100	-		
Acquisition cost				100,000	-
Less : Accumulated share of loss				(56,320)	-
				<u>43,680</u>	<u>-</u>
Total investments in subsidiaries				<u>176,308,201</u>	<u>-</u>

In April 2004, the Company invested an amount of Baht 0.1 million in Siam Future Property Company Limited, or 100 percent of the registered share capital of that company. As at 31 December 2004, the subsidiary has not yet commenced its operation.

The shareholding agreements concerning the Petchkasem project and Ekkamai project, which were executed between the Company and Connex Consultant Company Limited, the minority shareholder of Petchkasem Power Center Company Limited and Ekkamai Lifestyle Center Company Limited, contain the following conditions relating to increases in the registered share capital of these subsidiaries :-

- Petchkasem Power Center Company Limited is to increase its share capital by Baht 900,000 through the issue of 90,000 ordinary shares of Baht 10 each within 2004. The Company agrees to purchase 66,600 additional shares at a price of Baht 1,121.11 per share, a total of Baht 74,666,000, and is committed to pay the share premium of Baht 74 million within 30 March 2005. Connex Consultant Company Limited agrees to purchase the remaining 23,400 additional shares at Baht 10 per share, a total of Baht 234,000.
- Ekkamai Lifestyle Center Company Limited is to increase its share capital by Baht 900,000 through the issue of 90,000 ordinary shares of Baht 10 each within 2004. The Company agrees to purchase 45,900 additional shares at a price of Baht 1,317.19 per share, a total of Baht 60,459,000, and is committed to pay the share premium of Baht 60 million within 30 June 2005.



Connex Consultant Company Limited agrees to purchase the remaining 44,100 additional shares at Baht 10 per share, a total of Baht 441,000.

On 20 December 2004, the Company and Connex Consultant Company Limited agreed to extend the period for increasing equity in Petchkasem Power Center Company Limited and Ekkamai Lifestyle Center Company Limited from within 2004 to within 30 March 2005 and 30 June 2005, respectively.

8. PROPERTY, PLANT AND EQUIPMENT

(Unit : Baht)

	Consolidated								
	Leaseholds and leasehold improvements	Building on leased land	Office improvements	Office equipment	Leased equipment	Computer and equipment	Vehicles	Work in progress	Total
Cost :									
31 December 2003	190,445,107	380,145,792	1,145,225	17,311,022	-	703,253	21,468,819	51,155,371	662,374,589
Acquisitions	475,033,845	28,843,588	922,122	2,592,278	5,350,000	1,075,273	32,689	415,463,700	929,313,495
Disposals during the year	-	-	-	(507,915)	-	(78,832)	-	-	(586,747)
Transfers in (transfers out)	110,152,176	220,032,829	-	211,889	-	-	-	(330,396,894)	-
31 December 2004	775,631,128	629,022,209	2,067,347	19,607,274	5,350,000	1,699,694	21,501,508	136,222,177	1,591,101,337
Accumulated depreciation :									
31 December 2003	49,079,099	84,197,709	757,275	10,795,104	-	244,103	6,554,708	-	151,627,998
Depreciation for the year	23,004,001	26,067,704	212,622	2,153,499	4,965	411,658	4,299,738	-	56,154,187
Disposals during the year	-	-	-	(507,910)	-	(44,341)	-	-	(552,251)
31 December 2004	72,083,100	110,265,413	969,897	12,440,693	4,965	611,420	10,854,446	-	207,229,934
Net book value :									
31 December 2003	141,366,008	295,948,083	387,950	6,515,918	-	459,150	14,914,111	51,155,371	510,746,591
31 December 2004	703,548,028	518,756,796	1,097,450	7,166,581	5,345,035	5,345,035	1,088,274	136,222,177	1,383,871,403
Depreciation (included in earnings statements)									
Year 2003									35,043,070
Year 2004									55,485,465



(Unit : Baht)

	The Company Only								
	Leaseholds and leasehold improvements	Building on leased land	Office improvements	Office equipment	Leased equipment	Computer and equipment	Vehicles	Work in progress	Total
Cost :									
31 December 2003	190,445,107	380,145,792	1,145,225	17,311,022	-	703,253	21,468,819	51,155,371	662,374,589
Acquisitions	366,370,987	28,843,588	922,122	2,592,278	5,350,000	1,075,273	32,689	345,432,259	750,619,196
Disposals during the year	-	-	-	(507,915)	-	(78,832)	-	-	(586,747)
Transfers in (transfers out)	110,152,176	220,032,829	-	211,889	-	-	-	(330,396,894)	-
31 December 2004	666,968,270	629,022,209	2,067,347	19,607,274	5,350,000	1,699,694	21,501,508	66,190,736	1,412,407,038
Accumulated depreciation :									
31 December 2003	49,079,099	84,197,709	757,275	10,795,104	-	244,103	6,554,708	-	151,627,998
Depreciation for the year	23,004,001	26,067,704	212,622	2,153,499	4,965	411,658	4,299,738	-	56,154,187
Disposals during the year	-	-	-	(507,910)	-	(44,341)	-	-	(552,251)
31 December 2004	72,083,100	110,265,413	969,897	12,440,693	4,965	611,420	10,854,446	-	207,229,934
Net book value :									
31 December 2003	141,366,008	295,948,083	387,950	6,515,918	-	459,150	14,914,111	51,155,371	510,746,591
31 December 2004	594,885,170	518,756,796	1,097,450	7,166,581	5,345,035	1,088,274	10,647,062	66,190,736	1,205,177,104
Depreciation (included in earnings statements)									
Year 2003									35,043,070
Year 2004									55,485,465

During the current year, the Company capitalised depreciation of leaseholds amounting to approximately Baht 0.7 million (2003 : Baht 0.2 million) as part of the cost of work in progress.

The land lease agreements stipulate a significant condition obliging the Company to transfer the ownership of the premises on the leased land to the lessors when the agreements expire and to adjust the rental at the rates of 10%-50% per annum for the period of 3-5 years.

During the second quarter of 2004, the Company provided a performance guarantee for a subsidiary in respect of a rental and service agreement made with a lessee, pledging the leasehold to a property of the Company as collateral. During the third quarter of 2004, the Company pledged the leasehold of another property of the Company to a financial institution as collateral in respect of the financial institution's aval of a promissory note of Baht 125 million which was issued by the Company to a leasehold accounts payable which is included in trade accounts payable in the balance sheet.

9. BANK OVERDRAFTS AND LOANS FROM FINANCIAL INSTITUTIONS

Bank overdrafts and loan facilities obtained from financial institutions are secured by the guarantee of the Company's shareholders, directors and a related individual, and the transfer of part of the Company's leasehold rights.



10. SHARE CAPITAL

On 24 September 2003, an extraordinary meeting of the shareholders of the Company resolved to reduce the Company's registered capital from Baht 150 million (150,000,000 ordinary shares of Baht 1 each) to Baht 142 million (142,000,000 ordinary shares of Baht 1 each) by canceling 8,000,000 unissued shares, and to increase the Company's registered capital from Baht 142 million (142,000,000 ordinary shares of Baht 1 each) to Baht 500 million (500,000,000 ordinary shares of Baht 1 each) through the issue of 358,000,000 new ordinary shares. These new ordinary shares are to be allotted as follows :-

- No more than 24,000,000 ordinary shares are to be offered to Major Cineplex Public Company Limited at a price of Baht 3.99 per share.
- No more than 131,500,000 ordinary shares are to be additionally reserved for the exercise of warrants, after the adjustment of the exercise ratio as a result of the increase in share capital (as discussed in Note 11 to the financial statements).
- No more than 202,500,000 ordinary shares are to be offered to existing shareholders in a ratio of 1 existing share to 1.5 new shares, at a price of Baht 1 per share.

The Company registered the increase in its share capital to Baht 500 million (500,000,000 ordinary shares of Baht 1 each) with the Ministry of Commerce on 26 September 2003.

On 29 September 2003, the Company allotted 24,000,000 additional shares to Major Cineplex Group Public Company Limited at Baht 3.99 per share, a price approved by an independent financial advisor. The Company registered the increase in its issued and fully paid share capital to Baht 95 million (95,000,000 ordinary shares of Baht 1 each) with the Ministry of Commerce on 3 October 2003.

In October 2003, the Company allotted 142,499,935 additional shares to offer to existing shareholders in a ratio of 1 existing share to 1.5 new shares, at a price of Baht 1 per share. The Company registered the increase in its issued and fully paid share capital to Baht 237.5 million (237,499,935 ordinary shares of Baht 1 each) with the Ministry of Commerce on 21 November 2003.

During 2004, the fully paid up share capital of the Company in issue was increased by Baht 31,844,173 in December 2003, by Baht 7,215,388 in March 2004, by Baht 125,665,538 in June 2004 and by Baht 1,396,653 in September 2004 as a result of the exercise of warrants. On 8 October 2004, the Company registered the increase in its issued and fully paid share capital to Baht 403,621,687, consisting of 403,621,687 ordinary shares of Baht 1 each, with the Ministry of Commerce.

11. WARRANTS

On 13 December 2002, the Company issued 71,000,000 registered, transferable warrants with a term of three years from the issue date (13 December 2002) to its shareholders, without charge. The warrants can be exercised to subscribe to new ordinary shares in a ratio of 1 warrant per 1 ordinary share, at an



exercise price of Baht 2 per share, with the exercise period being every 30th of March, June, September, and December (the first exercise date being 30 March 2003).

As discussed in Note 10 to the financial statements, on 29 September 2003, the Company allotted 24,000,000 additional shares to Major Cineplex Group Public Company Limited at a price of Baht 3.99 per share. Such price is more than 10 percent below the market price of the Company's ordinary shares and therefore, in order to comply with the adjustment conditions stipulated in the prospectus for the Company's share offering, the Company adjusted the exercise price and exercise ratio of the Company's warrants. As a result, the exercise price of the warrants was changed from Baht 2 per share to Baht 1.722 per share and the exercise ratio of the warrants was changed from 1 warrant per 1 ordinary share to 1 warrant per 1.16132 ordinary shares. The adjusted exercise price and exercise ratio were effective from 29 September 2003.

As discussed in Note 10 to the financial statements, in October 2003 the Company allotted 142,499,935 additional shares for offer to existing shareholders in a ratio of 1 existing share to 1.5 new shares, at a price of Baht 1 per share. This price is more than 10 percent less than the market price of the Company's ordinary shares and therefore, in order to comply with the adjustment conditions as stipulated in the prospectus for the Company's share offering, the Company adjusted the exercise price and exercise ratio of the Company's warrants. As a result, the exercise price of the warrants was changed from Baht 1.722 per share to Baht 1 per share and the exercise ratio of the warrants was changed from 1 warrant per 1.16132 ordinary shares to 1 warrant per 2.62683 ordinary shares. The adjusted exercise price and exercise ratio were effective from 15 October 2003.

On 30 December 2003, 12,122,674 warrants were exercised. The Company represents proceeds from the exercise of these warrants, amounting to Baht 31,844,173, as share subscription received in advance in the balance sheet as at 31 December 2003 since the Company registered the increase in its issued and fully paid share capital on 13 January 2004. After the exercises, a total of 58,877,326 warrants remained unexercised.

As discussed in Note 18 to the financial statements, on 25 March 2004 the Annual General Meeting of the Company's shareholders resolved to pay a dividend of Baht 0.10 per share to its shareholders in respect of 2003 earnings. This dividend is more than 70 percent of the earnings for the year and therefore, in order to comply with the conditions for the adjustment of rights as stipulated in the prospectus for the Company's share offering, the Company adjusted the exercise ratio of the Company's warrants. As a result, the exercise ratio of the warrants was changed from 1 warrant per 2.62683 ordinary shares to 1 warrant per 2.62875 ordinary shares. The adjusted exercise ratio was effective from 10 March 2004.



In March, June and September 2004, respective totals of 2,744,800 warrants, 47,804,300 warrants and 531,300 warrants have been exercised to purchase a total of 134,277,579 new ordinary shares. After these exercises, a total of 7,796,926 warrants remained unexercised.

On 30 December 2004, a further 7,009,600 warrants were exercised. The Company presents the proceeds from the exercise of these warrants, amounting to Baht 18,426,478, as share subscription received in advance in the balance sheet, since the Company registered the increase in its issued and fully paid share capital on 11 January 2005. After these exercises, a total of 787,326 warrants remained unexercised.

12. STATUTORY RESERVE

Under the Public Company Limited Act B.E. 2535, the Company is required to set aside as a statutory reserve at least 5 percent of its net profit, after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of its registered share capital. The statutory reserve could not use for dividend payment.

13. LOCATION PROCUREMENT FEES

This amount represents income from services provided to unrelated parties to procure locations which have the potential to be used for modern trade retail store operations. The Company and its subsidiaries record such income in accordance with the full contract price of the service stipulated in the relevant agreement, when the services have been completely rendered. Of the fees of Baht 423 million presented in the consolidated earnings statement of 2004, most have already been received by the Company and its subsidiaries, a total of approximately Baht 332 million. The remainder of Baht 91 million will be received within the first quarter of 2005.

14. DIRECTORS' REMUNERATION

This director's remuneration represents the benefits paid to the Company's directors in accordance with Section 90 of the Public Limited Company Act, exclusive of salaries and related benefits payable to executive directors.

15. CORPORATE INCOME TAX

Corporate income tax has been calculated on net earnings for the years after adding back expenses and deducting income which are disallowable for tax computation purposes in accordance with the Revenue Code.

**16. NUMBER OF EMPLOYEES AND RELATED COSTS**

	Consolidated	The Company Only	
	<u>2004</u>	<u>2004</u>	<u>2003</u>
Number of employees at end of year (Persons)	38	38	21
Employee costs for the year (Thousand Baht)	29,350	29,350	17,010

17. RECONCILIATION OF DILUTED EARNINGS PER SHARE

	Net earnings		Weighted average number of ordinary shares (after adjustment the result of the right issue)		Earnings per share	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	Baht	Baht	Shares	Shares	Baht	Baht
Basic earnings per share						
Net earnings	210,372,583	35,766,628	334,806,966	156,746,006	0.63	0.23
Effect of dilutive securities						
7,796,926 warrants (2003 : 71,000,000 warrants)	-	-	76,490,874	67,819,334		
Diluted earnings per share						
Net earnings of ordinary shareholders assuming the conversion of dilutive securities	<u>210,372,583</u>	<u>35,766,628</u>	<u>411,297,840</u>	<u>224,565,340</u>	<u>0.51</u>	<u>0.16</u>

The diluted earnings per share for the year ended 31 December 2003 was calculated assuming the conversion of the warrants on the date of their issue (13 December 2002), since the exercise price was lower than the market price of the shares, without reference to the exercisable period.

18. DIVIDEND

On 2 April 2003, the Annual General Meeting of the Company's shareholders resolved to pay a dividend of Baht 0.25 per share (totaling Baht 17.75 million) to its shareholders in respect of 2002 earnings.

On 25 March 2004, the Annual General Meeting of the Company's shareholders resolved to pay a dividend of Baht 0.10 per share (totaling Baht 26.93 million) to its shareholders in respect of 2003 earnings.

19. FINANCIAL INFORMATION BY SEGMENT

The operations of the Company and subsidiaries involve a single industry segment i.e. building rental and provision of utilities services, and are carried on only in Thailand. As a result, all the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned industry segment and geographic area.

20. COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2004, the Company and subsidiaries had the following commitments and contingent liabilities :-



- 20.1 Commitments to pay future rental charges totaling approximately Baht 1,891 million (2003 : Baht 648 million) under long-term lease agreements which will be terminated within 2005 - 2036.
- 20.2 Commitments of subsidiaries to pay future rental charges of approximately Baht 595.4 million under long-term lease agreements which will be terminated within 2035.
- 20.3 Commitments under department store building construction contracts that the Company and subsidiaries had to pay to contractors of approximately Baht 452.4 million, and the commitments for the Company only was approximately Baht 231.6 million (2003 : Baht 7.8 million).
- 20.4 Payment commitments of Baht 34 million under lease agreement for the leaseholds to land.
- 20.5 Commitment to pay rental retention of Baht 5 million.
- 20.6 Bank guarantees totaling Baht 8.2 million (2003 : Baht 24.4 million) which have been issued by the banks in respect of certain performance bonds as required in the normal course of business of the Company.
- 20.7 Contingent liabilities from rental retentions totaling Baht 2 million (2003 : Baht 2 million).

21. PROVIDENT FUND

The Company and its employees have participated in the registered Thai Munkong Provident Fund under the Provident Fund Act B.E. 2530. The fund is contributed to by both employees and the Company. This fund is managed by Krung Thai Asset Management Public Company Limited and will be paid to the employees upon termination in accordance with the rules of the fund.

22. FINANCIAL INSTRUMENTS

Financial risk management and policies

The Company and subsidiaries have no policy to hold or issue derivative instruments either for speculative or trading purposes.

Interest rate risk

The interest rate risk is generally the risk that future movements in market interest rates could affect the operating results and cash flows of the Company and subsidiaries. The Company and subsidiaries' exposure to interest rate risk relates primarily to its deposits with bank and financial institution, bank overdrafts and loans from financial institution, and liabilities under hire purchase and financial lease agreements. Since the majority of these financial assets and liabilities are short-term and interest is charged on most of the long-term liabilities at fixed rates, the Company and subsidiaries do not use derivative financial instruments to hedge such risk.

Foreign currency risk

The Company and subsidiaries have no foreign currency risk, since all business transactions of the Company and subsidiaries are denominated in Thai Baht.



Credit risk

The Company and subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable. However, due to its prudent credit policy and its close follow up of debt, the Company and subsidiaries do not anticipate material losses from its debt collection.

Fair value

Since the majority of the financial assets and liabilities are short-term and the loans carry interest at rates close to market rates, the managements believe that the fair values of the Company and subsidiaries' financial assets and liabilities do not materially differ from their carrying values.

23. PRESENTATION

The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 14 September 2001, issued under the Accounting Act B.E. 2543.

Certain amounts in the financial statement for the year ended 31 December 2003 have been reclassified to conform to the current year's classifications, with no effect on previously reported net earnings or shareholders' equity.

24. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's directors.