

Unlike other developers,  
Siam Future Development  
creates a place for people and  
then for commerce.



2007



รายงานประจำปี 2550  
**ANNUAL REPORT 2007**  
SIAM FUTURE DEVELOPMENT PUBLIC COMPANY LIMITED



**SIAM FUTURE DEVELOPMENT PUBLIC CO., LTD.**

Esplanade Ratchadapisek 99 Ratchadapisek Road, Din Dang, Bangkok, Thailand 10400.

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## Message from the Board of Directors

In February, 2007, the Company officially launched the Esplanade Ratchadapisek which has received good feed back from customers and is the meeting place for the young generation. This is as a result of innovation and differentiation of Arte-tainment Center, which is a blend of Entertainment and Art. The Company has earned the trust of our strong partner such as Ratchadalai Theatre, Major Cineplex theatre, Bowling, Karaoke, and Ice skating rink of Major Cineplex Group, California Wow fitness center as well as other tenants. However, the Company plan to continuously develop and improve Esplanade together with our existing 26 shopping centers to be perfect and maintain their good image in order to serve customers and remain lucrative.

In the year 2007, the Company launched 2 new shopping centers i.e. The Avenue Pattaya and Kao Yai Market Village in order to provide service to customers in the tourist-attractive provinces of Thailand; not far from Bangkok. Most of them have strong spending power and like the concept of our shopping centers. This means both shopping centers are successful and get dense traffic. In addition, the Company leased the land for expansion of Thonglor 4 shopping center in order to have sufficient area to serve our valued customers.

There were 3 under construction projects in the year 2007 namely Nawamin Market Place, neighborhood center, on Nawamin (Sukapiban 1) Road which Carrefour Supermarket is the anchor tenant and will be opened in February 2008. Another center is Major Avenue Ratchayothin on Ratchayothin intersection which is an open-air shopping center the same as J Avenue. This serves customers who like our style and concept of the center on Phahonyothin, Ratchayothin, and nearby. This center will be officially opened in the year 2008. Moreover, there is Sena Avenue on Kaset-Nawamin Road, which will be opened in the same year. This center will be developed as a community for the new generation. Presently, gross leasable area of shopping centers under management of the company amounted to 219,641 square meters. Such figure excludes total area of 42,000 square meters of projects under construction which will be opened in the year 2008

For the performance in the year 2007, the Company's revenue stood at Baht 1,590.0 million. This figure declined by 5% compared with 2006's revenue. Net profit for the year stood at Baht 307.7 million or a decrease of 24% from the year 2006. The slight decreased revenue resulted from a realization of revenue from financial lease contracts by handover space to tenants mainly from Esplanade project in the year 2006. As handover long term leasable area of Esplanade Ratchadapisek affected high Revenue from finance lease contracts. In the year 2007, the Company handover long term leasable area of Pattaya Project which has less leasable area. Therefore the revenue derived from this was also smaller.

The Company will focus on a total quality management throughout the organization, continuously improve of the internal operational management system. The reporting system will reduce task redundancy including performance evaluation system which will improve service and directly satisfy the needs of our customers. These systems will cause shopping center development to be sustainable and will facilitate a rapid growth of the Company. The Board of Directors believes that with its commitment to transparency, ethics and good corporate governance in doing business, together with a quality professional management approach, the Company will be able to provide a beneficial return in a long run and a sustainable wealth to our shareholders.





The Board of Directors would like to convey an appreciation to supporters, shareholders, suppliers, customers, financial advisors, financial institutions and staffs for their continuous support which has brought success to the Company over the past years and will carry on well into the future.

(Mr. Oranop Jantaraprapa)

Chairman



## Audit Committee Report

The Audit Committee of Siam Future Development Public Company Limited consists of 3 independent directors :

- |                             |                                 |
|-----------------------------|---------------------------------|
| 1. Mrs. Nantiya Montriwat   | Chairman of the Audit Committee |
| 2. Mr. Dusit Nontanakorn    | Member of the Audit Committee   |
| 3. Mrs. Sabaithip Soontaros | Member of the Audit Committee   |

The Audit Committee performed its duties assigned by the Board of Directors pursuant to the principles of good corporate governance guideline of the Stock Exchange of Thailand.

During the year 2007, the Audit Committee has convened 4 meetings to consider and review a number of business matters of the company and its subsidiaries. These include reviewing the quarterly and yearly financial statements with the management team and the auditor. Focus is given to the reasonable accuracy in line with generally accepted accounting principles, the adequacy of information disclosure regarding the notes to financial statements as well as disclosure of information and opinions in case that there is a connected transaction or transaction that leads or may lead conflict of interest. In addition, the Audit Committee focuses on review of the operations, ensuring that they are in compliance with the law and regulations. It is also responsible for selecting the auditor and proposing the audit fee as well as consideration of the internal audit plan.

Regarding the performance in the year 2007, the Audit Committee has focused on the internal audit and reporting system in order for the Company's operation to be carried out efficiently and effectively. The Audit Committee has provided its opinions and recommendations emphasizing on an operational system to bring about accurate and complete information for decision making therefore they have recommended the company to procure database system in order to serve the rapid growth of the company as well as the improvement of other operational systems to reduce the processing time and document redundancy. Moreover, the Company's financial statements are accurate and reliable in line with the generally accepted accounting principles. It is also of the opinion that disclosure of the information and connected transaction is adequately transparent and the management team's business practices are in compliance with the law and regulations.

The Audit Committee has considered and agreed to appoint Mr. Kajornkiet Aroonpirodkul, C.P.A number 3445 and/or Mrs. Nataporn Phanudom, C.P.A. number 3430 and/or Mr. Boonmee Ngotngamwong, C.P.A. number 3673, under the name of PricewaterhouseCoopers ABAS Company Limited as the Company's auditor and to have one of these persons conduct the audit and provide opinion on the year 2008 financial statements of the Company.

(Mrs. Nantiya Montriwat)

Chairman of the Audit Committee

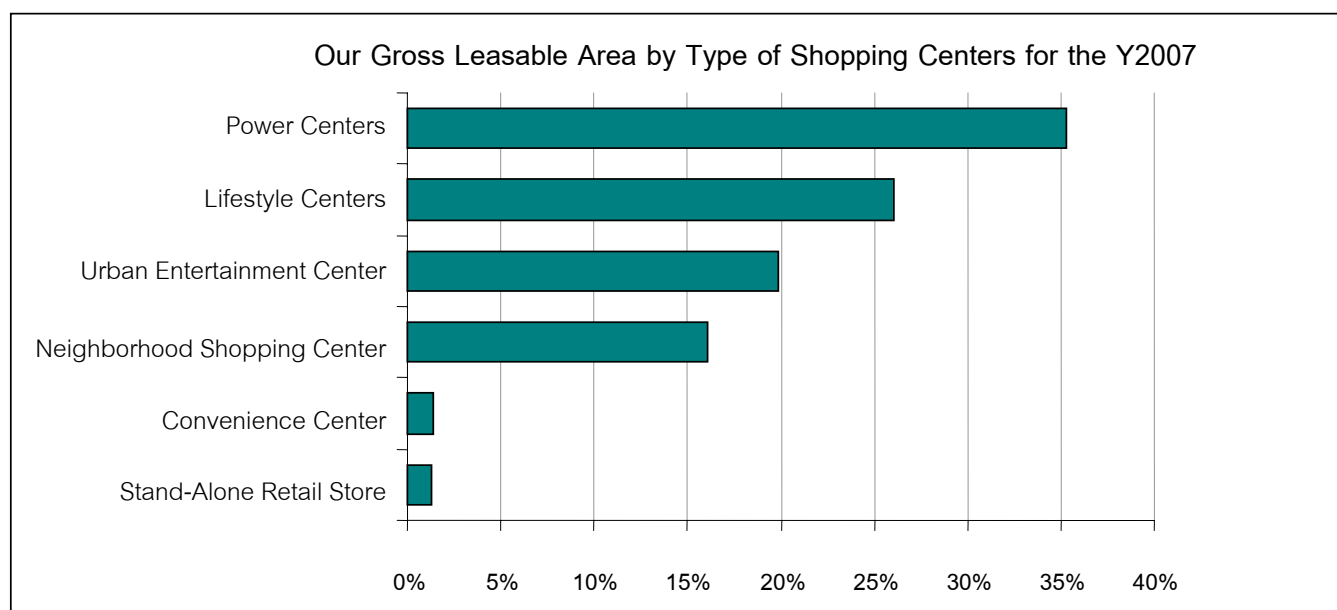


## General Information

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 28 operating projects increasing from last year 2 new projects as follows:

Type of shopping center	Number of shopping centers	Name of Shopping Centers
Neighborhood shopping center	7	Bangbon, Pracha-Utis, Sukhapiban 3, Sukhumvit 71 (Klong Ton), Thonglor, and Thungmahamek, and Piyarom Place (Soi Sukhumvit 101/1)
Convenience shopping center	4	Ramindra Km.2, Wanghin, Ladprao Soi 120, Wanghin (Lotus Express)
Stand-alone retail store	8	Ratchadaphisek – Huay Khwang, Ratchadaphisek-Rama3, Sathorn, Pattanakarn, Bangkae, Phaholyothin Km.27, Mengjai and Tha Phra.
Power Center	4	SF Major Cineplex Cha Choeng Sao, Petchkasem Power Center, Ekkamai Power Center and <b>Kao Yai Market Village</b>
Urban Entertainment Center	1	Esplanade Ratchadapisek
Lifestyle Center	4	J Avenue Thonglor 15, The Avenue Chaeng Watthana, La Villa Phonyothin and <b>The Avenue Pattaya</b>





Additionally, we have 3 underconstruction projects which planned to open within 2008, one neighborhood shopping center: Nawamin Market Place and two lifestyle centers: Major Avenue Ratchayothin, Sena Avenue.

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. Revenue from finance lease contracts <sup>1</sup>
4. Income from public utilities services consisting of electricity bills, water supply and telephone bills.

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<sup>1</sup> additional details concerning accounting policy on long-term lease can be found in item 2.8 of the notes to financial statements on page 53



**Company Profile**

Siam Future Development Public Company Limited

Registration No. : 40854500691

Registration Date: August 13, 2002

Address: Esplanade Ratchadapisek 99 Ratchadapisek Road, Din Dang  
Bangkok, Thailand 10326.

Tel.: 0-2660-9000 Fax: 0-2660-9010

Website: <http://www.siamfuture.com>

Registered Capital: 533.95 Million Baht with 533.95 Million ordinary shares, par value of Baht 1 each.

Issued and Paid-up Capital: 508.94 Million Baht with 508.94 Million ordinary shares, par value of Baht 1 each.

**Vision**

Unlike other developers, Siam Future Development creates a place for people and then for commerce. We aim to be number one mid size mall developer in Thailand.

**Membership of International Organization**

Member of International Council of Shopping Center (ICSC)

**Awards**

J Avenue Thonglor 15 won *The Innovative Design and Development of a New Project* from International Council of Shopping Centers (ICSC) International Design and Development Awards 2006.

**Other Reference Persons**

1. Securities Registrar: Thailand Securities Depository Company Limited  
62 The Stock Exchange of Thailand Building,  
4<sup>th</sup> , 7<sup>th</sup> Floors Rachadapisek Road, Klongtoey, Bangkok 10110  
Tel : 0-2359-1200-01 Fax: 0-2359-1259
2. External Auditors: Mr. Kajornkiet Aroonpirodkul, Certified Public Accountant No. 3445  
PricewaterhouseCoopers ABAS Limited  
15<sup>th</sup> Floor Bangkok City Tower  
179/74-80 south Sathorn Road, Bangkok ,Thailand 10120  
Tel : 0-2344-1000, 0-2286-9999 Fax: 0-2286-5050
3. Bond Representative: TMB Bank Public Company Limited  
393 TMB Bank Public Company Limited, Silom Soi 7  
Bangrak, Bangkok, Thailand 10500  
Tel : 0-2230-6295 Fax : 0-2230-6093



## Major Accomplishments of the Company

1994	<ul style="list-style-type: none"> <li>☉ Siam Future Development Public Company Limited was established with a purpose to conduct an open shopping center development and management services.</li> </ul>	2004	<ul style="list-style-type: none"> <li>☉ Acquired The Family Center Chaeng Watthana and Piyaom Park</li> <li>☉ Set up 3 subsidiaries - Petch Kasem Power Center Co., Ltd., Ekkamai Lifestyle Center Co., Ltd. and Siam Future Property Co., Ltd.</li> <li>☉ Ladprao Soi 120 Convenience Center was opened.</li> <li>☉ SF Major Cineplex Cha Choeng Sao, the 1<sup>st</sup> Power Center, was opened with Major Cineplex as an anchor tenant.</li> <li>☉ J Avenue Thonglor 15, the 1<sup>st</sup> Lifestyle Center, was opened with Villa Market as an anchor tenant.</li> </ul>
1995	<ul style="list-style-type: none"> <li>☉ The Company's first neighborhood shopping center was opened in Bang Bon with JUSCO as the anchor tenant.</li> </ul>	2005	<ul style="list-style-type: none"> <li>☉ Issued the Baht 1 Billion 5-year Debenture with Credit rating of BBB+</li> <li>☉ Wanghin Lotus Express was opened.</li> <li>☉ Petchkasem Power Center and Ekkamai Power Center were opened.</li> </ul>
1996	<ul style="list-style-type: none"> <li>☉ The 2<sup>nd</sup> and 3<sup>rd</sup> neighborhood shopping centers were opened in as the Pracha Uthit and Sukhapiban 3 with JUSCO and Tops Supermarket anchor tenants, respectively.</li> </ul>	2006	<ul style="list-style-type: none"> <li>☉ Right Offering to Existing Shareholders in the amount of 533.95 Million Baht 5 current at the ratio of 5 current shares to 1 newly issued share.</li> <li>☉ 2 New Lifestyle Centers, The Avenue Chaeng Watthana and La Villa Phahonyothin, were opened.</li> <li>☉ <b>J Avenue Thonglor 15</b> won <i>The Innovative Design and Development of a New Project</i> from International Council of Shopping Centers (ICSC) International Design and Development Awards 2006</li> <li>☉ Esplanade Ratchadapisek, an urban entertainment center, was opened.</li> </ul>
1997	<ul style="list-style-type: none"> <li>☉ Registered capital was increased to Baht 20 million.</li> <li>☉ The 4<sup>th</sup> neighborhood shopping center was opened on Sukhumvit 71 with JUSCO as the anchor tenant.</li> </ul>	2007	<ul style="list-style-type: none"> <li>☉ The Avenue Pattaya, a lifestyle center, and Kao Yai Market Village, a Power Center, Were opened.</li> <li>☉ Issued the Baht 940 Million 3-year Debenture with Credit Rating of BBB+</li> <li>☉ Set up 2 subsidiaries with Major Cineplex Group Plc.- Ratchayothin Avenue Co., Ltd. And Ratchayothin Avenue Management Co., Ltd. to develop the new lifestyle center Named Major Avenue Ratchayothin.</li> </ul>
2000	<ul style="list-style-type: none"> <li>☉ 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.</li> </ul>		
2002	<ul style="list-style-type: none"> <li>☉ 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</li> <li>☉ The Company was listed on the MAI on 17 December 2002.</li> </ul>		
2003	<ul style="list-style-type: none"> <li>☉ The 5<sup>th</sup> and 6<sup>th</sup> neighborhood shopping centers were opened in Thong Lo and Thung Mahamek with Tops Supermarket as the anchor tenant.</li> <li>☉ Registered capital was increased to Baht 500 million. Major Cineplex Group Public Company Limited became one of the shareholders with 25% shareholding.</li> <li>☉ 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</li> </ul>		

Financial Highlights

Siam Future Development Public Company Limited

For the fiscal year ended 31 December

Million Baht	Year 2006	Year 2007	Change Year 2007/2006
Total Assets	5,032.88	6,415.12	27.5%
Total Liabilities	3,307.90	4,500.68	36.1%
Registered Capital	533.95	533.95	0.0%
Shareholders' Equity	1,724.98	1,914.44	11.0%
Total Revenues	1,674.48	1,590.08	-5.0%
Gross Profit <sup>1</sup>	100.75	226.32	124.6%
Net Profit	404.96	307.73	-24.0%
Book Value per share (Baht)	3.39	3.76	
Dividend per share (Baht)	0.35	0.25 <sup>2</sup>	
Gross Profit Margin	21.05%	25.95%	
Net Profit Margin	24.18%	19.35%	
Return on Equity (ROE)	23.48%	16.07%	
Return on Assets (ROA)	8.05%	4.80%	
Interest Bearing Debt to Equity Ratio	1.08	1.35	
Gross Leasable Area (sq.m.)	188,514	219,641	16.5%

**Note**

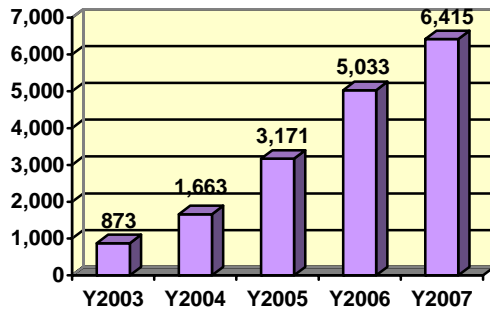
1 Gross profit = Rental and service income + other income – Cost of rental and service

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



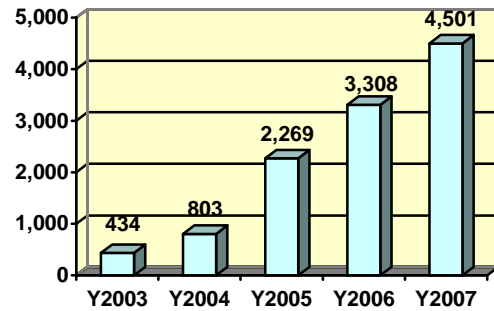
## Total Assets

Million Baht



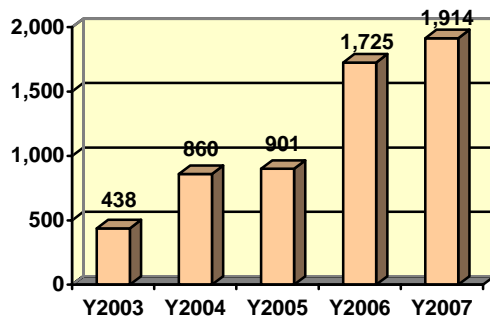
## Total Liabilities

Million Baht



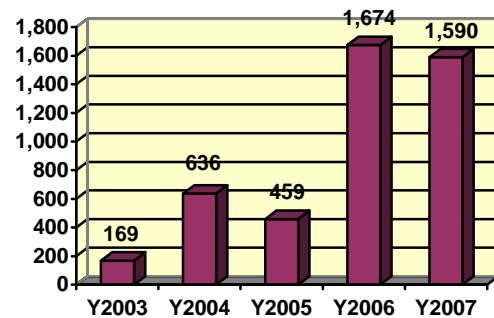
## Shareholders' Equity

Million Baht



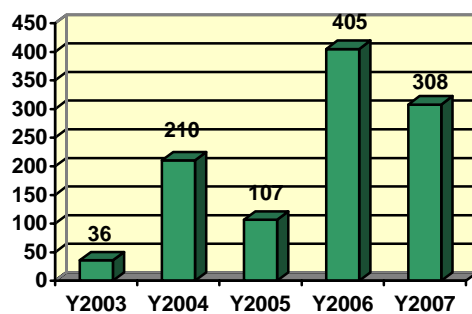
## Total Revenues

Million Baht



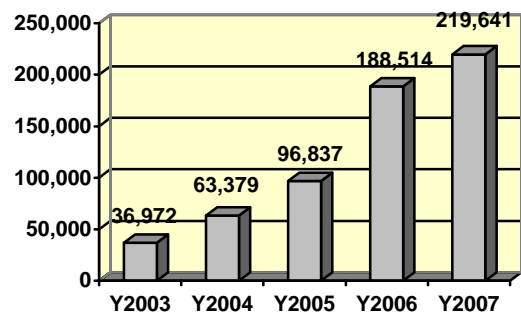
## Net Profit

Million Baht



## Gross Leasable Area

Sq.m.





## Explanation and Analysis on the Financial Status and Operating Performance

In the second quarter of year 2006, the Company realized revenue from long-term lease as financial lease. Previously, the Company treated the revenue from long-term lease as operating lease because, according to the lease agreement, the Company is still exposed to the risk of paying the leasehold right fee back to the customers if the Company fails to comply with the agreement. The Company, however, is not exposed to such risk for the long-term lease agreement of the projects opened in year 2006 onwards such as The Avenue Chaengwattana project, La Villa Phaholyothin project, The Esplanade Ratchadapisek project, Petchakasem Avenue project (the expanded section of The Petchakasem Power Center project) and The Avenue Pattaya project. Therefore, the Company realized revenue from those long-term lease agreements as if it recognizes revenue from the sale of such space. The revenues from financial lease realized on the date the Company hands over rental space to customers are the leasehold right fee and the present value of monthly rental for a whole agreement period while cost of financial lease is land usage fee and the construction cost of the project.

Realizing the transaction according to the financial lease method will affect the balance sheet of the Company. For example, on the asset side, financial lease receivables will increase and Property and equipment will decrease while, on the liabilities side, the Company's land leasehold right payables will increase. In the profit & loss statement, the Company's revenue from financial lease will rise and the revenue will be realized on the hand-over date of rental space of the project. Interest income will be realized throughout the period of the lease agreement while the cost of financial lease will increase (additional details concerning accounting policy on long-term lease can be found in item 2.8 of the notes to financial statements on page 52).

### Financial Status

#### Total Assets

As at 31 December 2007 the Company's total assets stood at Baht 6,415.12 million, an increase of Baht 1,382.24 million or 27.46% from year 2006 figure. The increment of the Company's total assets resulted from Baht 1,328.52 million increase in Net Property and equipment as a result of opening of the projects in year 2006-2007, i.e. The Avenue Pattaya, Kao Yai Market Village, Nawamin Market Place, Major Avenue Ratchayothin, and Sena Avenue Project.

Attributable to the recognition of revenue as financial lease, the Company's return on equity (ROE) stood at 30.84% while return on asset (ROA) increased to 9.87% in the year 2006 due to the increase in the Company's net profit from financial lease revenue. For the year 2007, the Company's net profit was Baht 307.73 million decreasing from the year 2006 by 24.01%. Therefore, return on equity (ROE) stood at 16.91% while return on asset (ROA) was 5.38%.



### Total Liabilities

As at 31 December 2007, the Company's total liabilities stood at Baht 4,500.68 million, increasing by Baht 1,192.78 million or 36.06% from year 2006 figure. Such growth was due to 5 projects under construction in year 2007, i.e. The Avenue Pattaya, Kao Yai Market Village, Nawamin Market Place, Major Avenue Ratchayothin, and Sena Avenue Project, which required the Company to increase the amount of Long-term borrowings and Debentures by Baht 1,320.78 million. Additionally, the Company's unearned rental and service income rose by Baht 229.23 million from Esplanade Ratchadapisek project, The Avenue Pattaya project, and Kao Yai Market Village.

The Company's debt to equity ratio and interest bearing debt to equity ratio rose from the year 2006 figures to 2.35 and 1.35, respectively, attributable to the increase in Long-term borrowings for construction cost of The Avenue Pattaya, Kao Yai Market Village, Nawamin Market Place, Major Avenue Ratchayothin, and Sena Avenue Project. The ratios will be declined when the Company repays long-term borrowings from the revenue of projects to be completed in Y2008. According to the covenant of debentures, the Company has to maintain Interest bearing debt ratio not more than 1.50 at the year ended.

### Shareholders' Equity

The Company's total shareholders' equity stood at Baht 1,914.44 million, the growth of Baht 189.46 million or 10.98% from year 2006 figure. Such an increase was a result of the Company's net profit amounted to Baht 307.73 million while dividend for the year 2006 was paid in the amount of Baht 178.13 million. Accordingly, as at 31 December 2007, the Company's retained earnings grew by Baht 129.60 million and Minority interest rose by Baht 59.87 million.

### Operating Performance

In relation to the operating performance for the year ended 31 December 2007, the Company's total revenue amounted to Baht 1,590.08 million, decreasing by Baht 84.40 million or 5.04% from figure of the same period of the previous year. Such increase consisted of rental and service income of Baht 774.79 million, the increase of Baht 322.28 million from the same period of the previous year as a result of the recognition of revenue of the projects opened at the end of year 2006, i.e. Esplanade Ratchadapisek, La Villa Phahonyothin, The Avenue Chaengwatthana, and Petchkasem Avenue (the expanded section of The Petchakasem Power Center project), together with the projects opened in year 2007 i.e. The Avenue Pattaya. In year 2007, the Company realized income from financial lease in the amount of Baht 717.89 million decreasing by Baht 477.93 million, resulting from the hand-over of rental space of The Avenue Pattaya and Esplanade Ratchadapisek project. Additionally, the Company realized other incomes in the amount of Baht 97.41 million, the increase of Baht 71.26 million or 272.50% from the same period of the previous year from Esplanade Ratchadapisek Project.

The Company's cost of rental and service amounted to Baht 645.87 million, the growth of Baht 267.95 million or 70.90% from the same period of the previous year. Cost of financial lease from The Avenue Pattaya and





Esplanade Ratchadapisek. Accordingly, the Company's gross profit amounted to Baht 709.08 million, the increase from the same period of the previous year by Baht 72.17 million. Interest expenses was Baht 98.73 million increasing by Baht 66.52 million or 178.77% and Net profit totaling Baht 307.73 million was less than the figure of the same period of the previous year by Baht 97.23 million or 24.01%.

For the year 2007, the current ratio of the Company declined from the previous year to 0.52 as a result of decrease in current assets from finance lease receivables due within one year of The Avenue Pattaya and Esplanade Ratchadapisek. The average collection period of finance lease was 437.61 days risen from 267.62 days as in the year 2006 which the finance lease receivables consists of Upfront and Present value of annual rental and service income throughout the lease period for 15-30 years. Finance lease receivables will be declined when the tenants pay upfront and monthly rental and service income.



## 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<sup>1</sup> and 8 branches as stand-alone retail stores<sup>2</sup>. 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 Lo. 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 Lo 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.

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**Note:**

<sup>1</sup> 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.

<sup>2</sup> 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 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.

In March 2004, the Company set up 3 subsidiaries i.e. Petchkasem Power Center Company Limited and Ekkamai Lifestyle Center Company Limited to operate Petchkasem Power Center<sup>1</sup> and Ekkamai Power Center respectively. Another subsidiary is Siam Future Property Company Limited to operate Esplanade Ratchadapisek. In Addition, the Company opened 5 new shopping centers ie. The Family Center Chaeng Watthana, Ladprao Soi 120 Convenience Center, SF Major Cineplex Cha Choeng Sao, Lifestyle Center<sup>2</sup> “J Avenue Thonglor 15”, and Piyarom Place Sukhumvit 101/1.

In 2005, the Company opened 3 new shopping centers as follows:

1. In January, Wanghin Convenience Center with Tesco Lotus Express as an anchor tenant
2. In June, Petchkasem Power Center with Big C Supermarket, Index Living Mall, HomeWork, and Major Cineplex as anchor tenants
3. In November, Ekkamai Power Center with Big C Supermarket and Index Living Mall as anchor tenants

In April 2005, the Company issued the 5-year Amortizing Debenture in the amount of 1,000,000 units with Par Baht 1,000 each, Total Value Baht 1 Billion to institutional investors. Fitch Ratings (Thailand) Co., Ltd. has assigned National Long-term Ratings of BBB+.

In 2006, the Extraordinary General Meeting of Shareholders No. 1/2006 approved the increased registered capital from 424,117,769 Baht to 533,947,769 Baht by right offering to existing shareholders at the ratio 5 current shares to 1 newly issued share at the price 5 Baht per share. As of 31 December 2006, the Company had paid-up capital 508,941,438 baht from right offering.

The Company opened 3 new shopping centers as follows: The Avenue Chaeng Watthana Lifestyle center, La Villa Phahonyothin Lifestyle center, and Esplanade Ratchadapisek Urban entertainment center<sup>3</sup>.

In August 2007, the Company issued the 3-year Bullet Debenture in the amount of 940,000 units with Par Baht 1,000 each, Total Value Baht 940 million to institutional investors. Fitch Ratings (Thailand) Co., Ltd. has assigned National Long-term Ratings of BBB+.

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**Note:**

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> Urban Entertainment Center is a combination of entertainment complex and retailers catered to consumers desiring for amusement experiences and leisure spending such as cinema, ice skating ring, playhouse, and day-to-day product shops .



During year 2007, the Company launched 2 new shopping centers as follow:

1. The Avenue Pattaya (Lifestyle Center) with Major Cineplex, Major Bowl, Villa Market and California Fitness as anchor tenants.
2. Kao Yai Market Village (Power Center) with Tesco Lotus as an anchor tenant.

In summary, as of 31 December 2007, the Company had Gross Leasable Area in amount of 219,641 sq.m. increasing from 2006 by 17%.

### Revenue Structure

2004-2007 Rental and Service Income from anchor tenants and co-tenants of the Company

Tenants	2004		2005		2006		2007	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
1. Anchor Tenants	52.57	34.64%	71.68	30.92%	114.48	34.88%	212.19	40.12%
2. Co-Tenants	99.20	65.36%	160.13	69.08%	213.77	65.12%	316.64	59.88%
<b>Total</b>	<b>151.77</b>	<b>100.00%</b>	<b>231.80</b>	<b>100.00%</b>	<b>328.24</b>	<b>100.00%</b>	<b>528.83</b>	<b>100.00%</b>

Remarks: Anchor Tenants are showed in the Details of the 28 present operating projects (Rental Area and Occupancy Rate)

Table in page 16-17.



## Details of the 28 present operating projects (Rental Area and Occupancy Rate)

	Shopping Center	Anchor Tenant	Type of Shopping Center	Land Size (Rai-Ngan-Sq.wah)	Gross Building Area (Sq.m.)	Gross Leasable Area (Sq.m.)	Occupancy Rate (%)
1	Bangborn	Jusco Supermarket	Neighborhood Center	6 – 0 – 0	8,759	7,206	99
2	Pracha Utit	Jusco Supermarket	Neighborhood Center	6 – 3 – 10	7,116	6,174	96
3	Sukaphiban 3	Tops Supermarket	Neighborhood Center	9 – 1 – 71	6,794	6,725	96
4	Sukhumvit 71	B-Quik	Neighborhood Center	0 – 3 – 80	2,468	1,418	100
5	Thonglo 4	Tops Supermarket	Neighborhood Center	3 – 3 – 83	4,715	3,635	97
6	Thungmahamek	Tops Supermarket	Neighborhood Center	2 – 0 – 85	3,521	2,877	100
7	The Avenue Chaeng wathana	Major Cineplex, Villa Market, Lemon Farm, Clifornia Wow	Lifestyle Center	16 – 0 – 8.9	40,204	20,926	93
8	Piyarom Place	Tops Supermarket	Neighborhood Center	8 – 0 – 77	12,654	7,857	90
9	Cha Choeng Sao	Major Cineplex	Power Center	4 – 1 – 78.4	9,554	8,408	98
10	J Avenue (Thonglo 15)	Villa Market	Lifestyle Center	5 – 0 – 8	14,471	8,078	96
11	Ramintra K.M. 2	B-Quik	Convenience Center	1 – 0 – 0	780	777	100
12	Wanghin	B-Quik	Convenience Center	0 – 1 – 71	612	535	100
13	Ladprao 120	Tesco Lotus Express	Convenience Center	0 – 2 – 34	643	643	94
14	Wanghin 2	Tesco Lotus Express	Convenience Center	1 – 2 – 61.5	988	988	100
15	Bangkae	B-Quik	Stand-Alone Retail Store	0 – 1 – 33	364	364	100



	Shopping Center	Anchor Tenant	Type of Shopping Center	Land Size (Rai-Ngan-Sq.wah)	Gross Building Area (Sq.m.)	Gross Leasable Area (Sq.m.)	Occupancy Rate (%)
16	Meng Jai	B-Quik	Stand-Alone Retail Store	0 – 1 – 99	465	465	100
17	Phahonyothin K.M.27	B-Quik	Stand-Alone Retail Store	0 – 1 – 70	433	433	100
18	Ratchda-Hauy Kwang	B-Quik	Stand-Alone Retail Store	0 – 0 – 99	314	314	100
19	Ta Pra	B-Quik	Stand-Alone Retail Store	0 – 1 – 43	355	355	100
20	Sathom	B-Quik	Stand-Alone Retail Store	0 – 1 – 14	314	314	100
21	Srinakarin	B-Quik	Stand-Alone Retail Store	0 – 0 – 80	318	318	100
22	Ratchada-Rama III	B-Quik	Stand-Alone Retail Store	0 – 1 – 27	343	343	100
23	Petchkasem Power Center	Big C, Index, HomeWork, Major Cineplex	Power Center	52 – 2 – 74	48,253	43,735	100
24	Ekkamai Power Center	Big C, Index	Power Center	7 – 3 – 73	31,151	15,074	99
25	La-Villa (Phahonyothin)	Villa Market	Lifestyle Center	3 – 3 – 40	10,445	5,330	100
26	Esplanade (Ratchadapisek)	Major Cineplex, Blu-o Bowl, California Wow, Ratchadalai Playhouse, Tops Supermarket, Sub-Zero Ice Skate	Urban Entertainment Center	11 – 2 – 13	98,371	43,570	97
27	The Avenue Pattaya	Major Cineplex, Major Bowl, Villa Market, California Wow	Lifestyle Center	14 – 2 – 69.3	41,067	22,783	95
28	Kao-Yai Market Village	Tesco Lotus	Power Center	26 – 3 – 14	10,934	9,996	93
	<b>Total</b>			<b>185 – 3 – 93.1</b>	<b>356,406</b>	<b>219,641</b>	<b>97</b>

Remarks: As at December 31, 2007.

No. 15-22, leasable area are occupied by B-Quik, automotive service workshop, only.

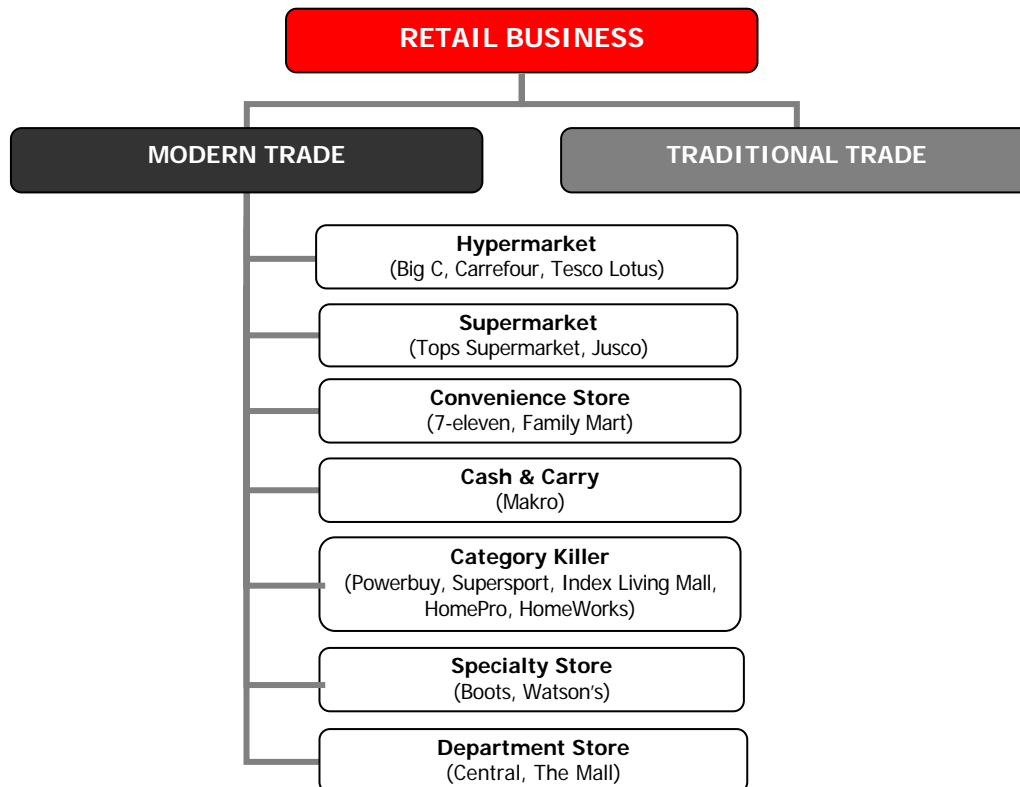


## Market and Competition

### 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.

#### Thailand Retail Business Structure



Source: Institute of Thailand retails business

Retail business in Asia has grown rapidly with Thailand being in the 2<sup>nd</sup> rank after China. Specifically, modern trade has been growing continually throughout Bangkok and vicinity area.



## Overview of Thailand's Retail Business in the Year 2007

■ Existing Stock	4,792,000	sq.m.
■ New Completion in 2006	313,000	sq.m.
(consist of Central World, King Power Complex on Soi Rangnam, JJ Mall and the another 3 places by Siam Future Development PLC. named The Avenue Chaengwattana, Esplanade and La Villa on Paholyothin Road)		
■ Under Construction	183,000	sq.m.
(about 65,000 sq.m. planned to complete within year 2550; The Mall 5 expansion, Nusa Center Sukhumvit-Ekkamai, The Crystal, Indian Emporium, The Pavilion Place and The Trendy)		
■ Average Vacancy Rate	- All Grade	12.6 %
■ Average Vacancy Rate	- Prime Grade	6.2 %
■ Average Rental (Ground Floor)	1,914	Baht/sq.m./month

*Source: Jones Lang LaSalle Research*

Growth and competition in retail business has declined around 30% because of the unexpected bomb explosion in Bangkok for the prior year 2007. However business overview still expands at a declining pace due to various factors, e.g. higher construction cost, national economic and political instability. Such factors have an impact on consumption and investment which are considered important foundation to economic expansion. Accordingly, retail business operators implement various strategies to attract and maintain their customers' base. In spite of a number of risk factors involved, there remain some positive factors, i.e. implementation of major policies such as energy saving policy, tourism restoration and sufficiency economy.

Competition is intense in 4 major sectors of retail business, i.e. discount store, department store, convenient store and supermarket. Sector with the most intense competition and influence over retail business is the discount store. Approximately 90% of Thai people visit the discount stores at least once a month. However, convenient store is the most popular category with average visit of 2 – 3 times per week, 7-11 in particular attributable to its convenience, numerous branches and proximity to community areas. Supermarket is also emerging as a result of an announcement of retail business law which slows down expansion of discount store.

### Discount Store and Hypermarket

Discount store and hypermarket has expanded increasingly. In Thailand, there are 4 major operators in this sector, i.e. Tesco Lotus, Big C, Carrefour and Makro. The number of discount store branches continues to increase, albeit at a decelerating rate due to a restriction from the retail law and city plan as announced by the government. Accordingly, size of the discount store tends to be small as an enforcement of the city plan makes the expansion via large size store more difficult. Such discount store chains as Tesco Lotus, Big C, Carrefour and Makro have adapted new expansion pattern and concept by using a smaller space, e.g. in form of convenient store and supermarket, etc.

### Supermarket

In 2007, supermarket sector has continually expanded along with a more intense competition. The existing supermarket operators, Jusco, adopted a policy to regularly renovate the branches while adjusting themselves in terms of equipment, system installation, clear positioning of middle – high level of customers, strategy to focus on quality, freshness, guarantee and diversification to differentiate themselves from discount stores which focus on low



cost strategy to attract customers. Additionally, as certain discount store and hypermarket operators, e.g. Tesco Lotus, have adapted new expansion pattern by using a smaller space, called Lotus Market, applied space between 700-1,500 sq.m. to comply with the retail law. Therefore, this sector has grown rapidly.

### **Convenient Store**

7-11 continues to be the leader in the convenient store sector with more than 4,000 branches covering almost all regions. V Shop, Fresh Mart, Family Mart, ART and 108 Shop are the operators which penetrate into the market with small market share, intense competition and variety of marketing strategy to increase revenue and market share, e.g. providing service on utility and insurance payment, etc. Each convenient store chain speeds up branch expansion to increase customer base and achieve the break-even point and, thereby, gain more profit from the increasingly higher number of branches. C.P. 7-11, market leader, grows at a higher rate than other convenient store chains attributable to its branch expansion capability, readiness of its human resources, management and technology.

Intense competition in retail business at present requires the operators to rapidly seek a strategy to increase their competitive edge in order to increase revenue and market share, prompting the operators to form alliance or joint venture.

Apart from the expansion of retail business which has direct impact upon the expansion of shopping center development and management business, customers' changing lifestyle with higher purchasing power according to the economic situation, and increasing health consciousness open up marketing opportunity to enhance customers' base to the products. Also, such changes drive the customers to increasingly prefer shopping from the shopping center and modern trade retail store over traditional trade retail store which is grocery store and fresh market. As a result, market share of the modern trade retail store grows progressively.

### **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, smaller size that conforming to the retail law, in the open shopping centers which are the business that the Company operates and has expertise. Villa Market and Jusco, expert supermarket developers, are planning to expand more centers with the Company as well. 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 areas<sup>1</sup> of the Company's open shopping centers<sup>2</sup> 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.

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#### 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.





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.

### **Risk of Dependence on Anchors of the Neighborhood Shopping Centers**

Anchors<sup>1</sup> in the neighborhood shopping<sup>2</sup> centers will draw co-tenants<sup>3</sup> 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 center<sup>3</sup>, 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 15<sup>th</sup> and 20<sup>th</sup> 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 3<sup>rd</sup> floor of the shopping centers. The Company solves the problem by finding tenants who do not require the space on the 1<sup>st</sup> and 2<sup>nd</sup> floors but prefer quiet atmosphere on the 3<sup>rd</sup> floor and lower rental fee when compare to the 1<sup>st</sup> and 2<sup>nd</sup> floors such as language schools, tutorial schools, and tae kwon do schools.

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#### **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 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.

3 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.



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 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.

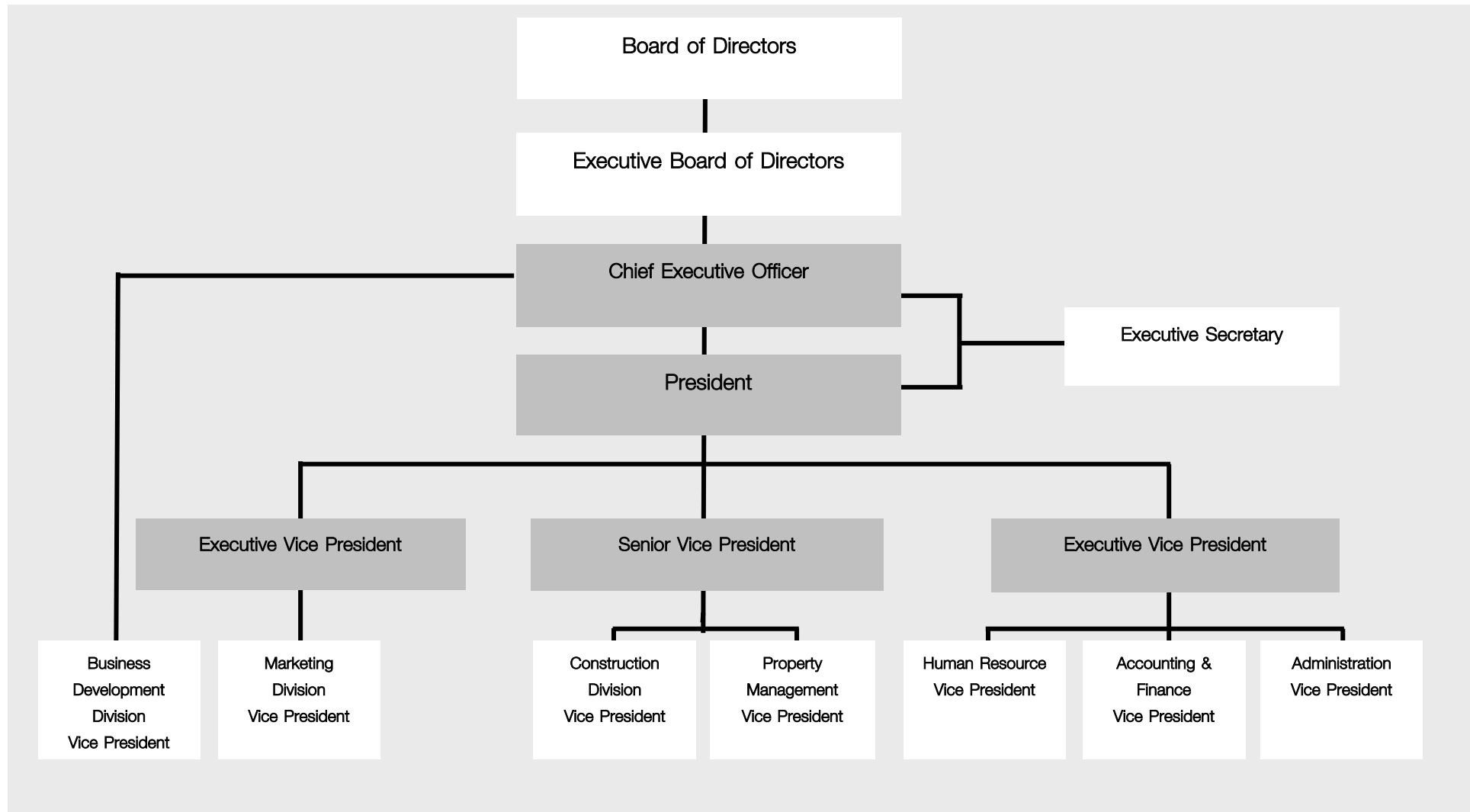
**Risk of Dependence on Limited Numbers of Experienced Personnel**

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.



## Organization Chart

## Siam Future Development PLC





## Shareholding Structure and Management

### Shareholders

The top 10 major shareholders as listed in the shareholders' registration as at 26 June 2007 are as follows:

	Name of Shareholders <sup>1</sup>	Number of Shares	Percentage
1	Major Cineplex Group Public Company Limited <sup>2</sup>	108,132,375	21.25%
2	MORGAN STANLEY & CO. INTERNATIONAL PLC <sup>3</sup>	48,535,140	9.54%
3	Thai NVDR Company Limited <sup>4</sup>	44,294,130	8.70%
4	SOMERS (U.K.) LIMITED <sup>3</sup>	43,381,160	8.61%
5	Mr. Nopporn Witoonchart	31,705,526	6.23%
6	Mr. Pongkit Suttapong	29,604,675	5.82%
7	Miss Artitaya Jantaraprapa	25,202,970	4.95%
8	STATE STREET BANK AND TRUST COMPANY <sup>3</sup>	25,000,000	4.91%
9	Mrs. Kasinee Witoonchart	17,219,215	3.38%
10	Ms. Pongthip Suttapong	13,357,224	2.62%
<b>Total</b>		<b>386,882,415</b>	<b>76.02%</b>

#### Remark:

- 1 All of top 10 shareholders mentioned above have no relationship related to the Article no. 258 of SET Act year 1992. However shareholder no.5 and no.9 are related as uncle and nephew and shareholder no.6 and no.10 are related as brother and sister, all shareholders are independent.
- 2 Major Cineplex Group PLC, company's major shareholder, assigns Mr. Vicha Poonvorarluck, Mr. Verawat Ongvasith and Mr. Chai Jarungtanapibal as directors of the company.
- 3 None of director, management, subsidiary of the company or nominee is shareholder of MORGAN STANLEY & CO. INTERNATIONAL PLC., SOMERS (U.K.) LIMITED and STATE STREET BANK AND TRUST COMPANY.
- 4 As of closing registration book at 26 June 2007, 44,294,130 shares (8.70% of register capital) was allocate as NVDR. NVDR's holders have rights and benefit as same as shareholders' except vote in shareholders meeting (NVDR's holders can attend vote for delisting from SET). Therefore the numbers of voting shareholders of the company decrease. That affects the other shareholders' right to increase. Numbers of share allocated as NVDR are available to check in SET's website, [www.set.or.th](http://www.set.or.th).



## 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
2.	Mr. Pongkit Suttapong	Vice Chairman
3.	Mr. Nopporn Witoonchart	Director, Chairman of Executive Board and Chief Executive Officer
4.	Mr. Somnuk Pojkasemsin	Director and President
5.	Mr. Dej Bunsuk	Director
6.	Mr. Vicha Poolvaraluck	Director
7.	Mr. Verawat Ongvasith	Director
8.	Mr. Chai Jarungtanapibal	Director
9.	Ms. Nantiya Montriwat	Chairman of the Audit Committee
10.	Mr. Dusit Nontanakorn	Member of the Audit Committee
11.	Ms. Sabathip 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 4 Directors as follows:

	<b>First Name – Last Name</b>	<b>Position</b>
1.	Mr. Nopporn Vitoonchart	Chairman of Executive Board
2.	Mr. Somnuk Pojkasemsin	Executive Director
3.	Mr. Vicha Poonvoruluck	Executive Director
4.	Mr. Chattaphum Khantiviriya	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:

	<b>First Name – Last Name</b>	<b>Position</b>
1.	Ms. Nantiya Montriwat	Chairman of the Audit Committee
2.	Mr. Dusit Nontanakorn	Member of the Audit Committee
3.	Ms. Sabaitip 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.

**Management**

Management of the Company are as follows:

First Name – Last Name	Position
1. Mr. Nopporn Witoonchart	Chief Executive Officer
2. Mr. Somnuk Pojkasemsin	President
3. Ms. Pornnipa Rujipairote	Executive Vice President
4. Ms. Krisana Udompitayaphumipicharn	Executive Vice President
5. Mr. Chernchai Niyamanusorn	Senior Vice President
6. Ms. Sumontha Meksingwee	Vice President, Accounting and Finance Division

**Board of Directors Meeting**

In 2006 and 2007, the Company set up 6 and 7 Board of Directors Meetings respectively as follows:

Board of Directors	2006 (Totally 7 meetings)	2007 (Totally 5 meetings)
Mr. Oranop Jantaraprapa	7	5
Mr. Pongkit Suttapong	7	5
Mr. Nopporn Witoonchart	7	4
Mr. Somnuk Pojkasemsin	7	5
Mr. Vicha Poolvaraluck	7	5
Mr. Verawat Ongvasith	6	5
Mr. Chai Jarungtanapibal	6	5
Mr. Dej Bulkul	7	5
Ms. Nantiya Montriwat	5	5
Mr. Dusit Nontanakorn	6	5
Ms. Sabaithip Suntaros	7	5





## BOARD OF DIRECTORS

### 1. Mr.Oranop Jantaraprapa • Age 60 years • Shareholding 0.24%

Position	Chairman • Authorized director
Education	<ul style="list-style-type: none"><li>• M.B.A., East Texas State University, U.S.A.</li><li>• B.A. (Accounting), Chulalongkorn University</li><li>• The role of Chairman Certification (RCM) in 2004, Thai Institute of Directors Association (IOD)</li></ul>
Experience	<ul style="list-style-type: none"><li>• 2002 – Present: Chairman, Siam Future Development Plc., Shopping Center Developer</li><li>• 1996 – 1998: Executive Vice President, Thai Telephone &amp; Telecommunication Plc., Telecommunication</li><li>• 1990 – 1993: President, International Engineering Plc., Telecommunication</li><li>• 1983 – 1990: Vice President of Operation Division, The Siam Cement Group, Cement</li><li>• 1983 – 1990: President, SCT Computer Co., Ltd. (Siam Cement Group), Computer</li><li>• 1983 – 1990: President, Pan Supplies Co., Ltd (Siam Cement Group), Construction &amp; Supply Machine</li><li>• 1983 – 1990: Manager of Accounting department, Manager of Trading department, Manager of Finance department, Siam Cement Trading Co., Ltd (Siam Cement Group) International Trading</li></ul>

### 2. Mr. Pongkit Suttapong • Age 47 years • Shareholding 6.84%

Position	Vice Chairman • Authorized director
Education	<ul style="list-style-type: none"><li>• M.B.A. (Marketing), National Institute of Development Administration (NIDA)</li><li>• B.E. (Industrial Engineering), Khon-Kaen University</li><li>• Director Certification Program (DCP), Thai Institute of Directors Association (IOD)</li><li>• Politics and Governance in Democratic Systems for Executives Course, King Prajadhipok's Institute, year 2005</li><li>• The Joint State-Private Course, National Defence College, year 2006</li></ul>
Experience	<ul style="list-style-type: none"><li>• 1994 – Present: Vice Chairman, Siam Future Development Plc., Shopping Center Developer</li><li>• 1994 – Present: Chairman of Board of Directors, Thonglor Pet Hospital</li><li>• 1993 – 1994: Director &amp; General Manager, The International Engineering Public Co., Ltd., Telecommunication</li><li>• 1990 – 1993: Senior Vice President, The International Engineering Public Co., Ltd., Telecommunication</li><li>• 1986 – 1989: Mobile Phone Department Manager, The International Engineering Public Co., Ltd., Telecommunication</li><li>• 1991 – 1994: Director, Micronetic Co., Ltd., Telecommunication</li><li>• 1989 – 1990: Regional Marketing Manager (South East Asia) Nokia Mobile Phone, Nokia (SEA) PTE. LTD, Singapore Office</li></ul>

### 3. Mr. Noppom Witoonchart • Age 42 years • Shareholding 6.23%

Position	Director • Chairman of Executive Board • Chief Executive Officer • Authorized director
Education	<ul style="list-style-type: none"><li>• B.E. (Computer Engineering), King Mongkut's Institute of Technology</li><li>• Director Certification Program (DCP) in 2005, Thai Institute of Directors Association (IOD)</li></ul>
Experience	<ul style="list-style-type: none"><li>• 1994 – Present: Director, Chief Executive Officer, Siam Future Development Plc., Shopping Center Developer</li><li>• 1990 – Present: Executive Director, Witoon Holding Co., Ltd., Real Estate</li><li>• 1987 – 1990: Engineer, SCT Computer Co., Ltd. (Siam Cement Group), Computer</li></ul>

**4. Mr. Somnuk Pojkasemsin • Age 50 years • Shareholding 0.12%**

Position	Director • President • Board of Directors • Authorized Director
Education	<ul style="list-style-type: none"> <li>• M.S. (Accounting), Thammasat University</li> <li>• B.A. (Accounting), Chulalongkorn University</li> <li>• Director Accreditation Program (DAP) in 2005, Thai Institute of Directors Association (IOD)</li> </ul>
Experience	<ul style="list-style-type: none"> <li>• 2002 – Present: Director, President, Siam Future Development Plc., Shopping Center Developer</li> <li>• 2001 – 2002: Corporate Services Group Director, Motivation Asia (Thailand) Ltd., Marketing Service</li> <li>• 1995 – 1999: Senior Vice President Internal Affair, International Engineering Public Co., Ltd. (IEC), Telecommunication</li> <li>• 1991 – 1995: Vice President Finance &amp; Administrative Division, International Engineering Public Co., Ltd. (IEC), Telecommunication</li> <li>• 1988 – 1991: Finance Manager, Bangkok Weaving Mill Co., Ltd., Weaving</li> <li>• 1985 – 1988: Cost Accountant, Laem-Thong Corporation, Agricultural Industry</li> <li>• 1980 – 1985: Senior Auditor, SGV-Na Thalang &amp; Co., Ltd., Audit Firm</li> </ul>

**5. Mr. Dej Bunsuk • Age 57 years • Shareholding 1.45%**

Position	Director
Education	<ul style="list-style-type: none"> <li>• B.A. (Accounting), Thammasat University</li> <li>• Director Accreditation Program (DAP) in 2004, Thai Institute of Directors Association (IOD)</li> </ul>
Experience	<ul style="list-style-type: none"> <li>• 2004 – Present: Director, Siam Future Development Plc., Shopping Center Developer</li> <li>• 2007 – Present: Director, Thailand Convention and Exhibition Bureau (TCEB), The Prime Minister's Office</li> <li>• 2004 – Present: Chairman of Executive Board, CCC Business Development Co., Ltd.</li> <li>• 2004 – 2006: Honorary Chairman, McThai Co., Ltd. (McDonald's Thailand), Fast Food</li> <li>• 1984 – 2004: President, McThai Co., Ltd. (McDonald's Thailand), Fast Food</li> <li>• 1983 – 1984: Managing Director, Voradej Ltd., Part.</li> </ul>

**6. Mr. Vicha Poolvaraluck • Age 44 years • Shareholding 0.00%**

Position	Director • Board of Directors
Education	<ul style="list-style-type: none"> <li>• MBA – Marketing, USIU OF SANDIEGO, USA.</li> <li>• B.A. (Accounting), Chulalongkorn University</li> </ul>
Experience	<ul style="list-style-type: none"> <li>• 2003 – Present: Director, Siam Future Development Plc., Shopping Center Developer</li> <li>• 1998 – Present: Director, Chairman of Executive Board, Major Cineplex Group Plc., Cinema and Bowling</li> <li>• 2003 – Present: Director, California WOW Xperience Plc., Fitness Center</li> </ul>

**7. Mr. Verawat Ongvasith • Age 37 years • Shareholding 0.00%**

Position	Director
Education	<ul style="list-style-type: none"> <li>• MBA, Boston University, USA.</li> <li>• B.A. (Accounting), Chulalongkorn University</li> <li>• Director Accreditation Program (DAP) in 2004, Thai Institute of Directors Association (IOD)</li> </ul>
Experience	<ul style="list-style-type: none"> <li>• 2003 – Present: Director, Siam Future Development Plc., Shopping Center Developer</li> <li>• 1998 – Present: Director, Vice Chief Executive Officer, Major Cineplex Group Plc., Cinema and Bowling</li> <li>• 1998 – Present: Director, Ratchayotin Realty Co.,Ltd., Property Developer</li> <li>• 1998 – Present: Director, Ratchayotin Cinema Co.,Ltd., Cinema</li> <li>• 2003 – Present: Director, California WOW Xperience Plc., Fitness Center</li> </ul>

**8. Mr. Chai Jarungtanapibal • Age 53 years • Shareholding 0.00%**

Position	Director
Education	<ul style="list-style-type: none"> <li>• M.S. (Accounting), Thammasat University</li> <li>• B.A. (Accounting), Chulalongkorn University</li> <li>• Director Certification Program (DCP), in 2003, Thai Institute of Directors Association (IOD)</li> <li>• Audit Committee Program (ACP) in 2005, Thai Institute of Directors Association (IOD)</li> </ul>
Experience	<ul style="list-style-type: none"> <li>• 2003 – Present: Director, Siam Future Development Plc., Shopping Center Developer</li> <li>• 2002 – Present: Independent Director and Chairman of the Audit Committee, Major Cineplex Group Plc., Cinema and Bowling</li> <li>• 2000 – Present: Chairman of the Audit Committee, Team Precision Co.,Ltd., Electronic Circuit</li> <li>• 1982 – 1997: Executive Director and Chief Finance Officer, Minor Group, Hotel, Food &amp; Beverage</li> </ul>

**9. Mrs. Nantiya Montriwat • Age 59 years • Shareholding 0.35%**

Position	Chairman of the Audit Committee
Education	<ul style="list-style-type: none"> <li>• M.S.(Mathematical Insurance), University of Manitoba, Canada</li> <li>• Bachelor of Statistic, Chulalongkorn University</li> <li>• Director Certification Program (DCP) in 2006 , Thai Institute of Directors Association (IOD)</li> <li>• Audit Committee Program (ACP) in 2005, Thai Institute of Directors Association (IOD)</li> </ul>
Experience	<ul style="list-style-type: none"> <li>• 2004 – Present: Chairman of the Audit Committee, Siam Future Development Plc., Shopping Center Developer</li> <li>• 2004 – Present: President Consultant, Muang Thai Insurance Co., Ltd., Insurance</li> <li>• 2000 – 2003: Senior Vice President, Muang Thai Insurance Co., Ltd., Insurance</li> <li>• 1999 – Present: Director, Muang Thai Insurance Co., Ltd., Insurance</li> <li>• 1999 – 2004: Director, Muang Thai Holding Co., Ltd.</li> <li>• 1994 – Present: Director, Phatara Complex Co., Ltd.</li> </ul>

**10. Mr. Dusit Nontanakorn • Age 60 years • Shareholding 0.12%**

Position	Member of Audit Committee
Education	<ul style="list-style-type: none"> <li>• Executive Program, Harvard University</li> <li>• Executive Program, Stanford University</li> <li>• MBA (Marketing), University of California, in Los Angeles (UCLA)</li> <li>• Bachelor in Science of Civil Engineering, Youngstown State University, Ohio</li> <li>• Director Certification Program (DCP) in 2002, Thai Institute of Directors Association (IOD)</li> <li>• Audit Committee Program (ACP) in 2005, Thai Institute of Directors Association (IOD)</li> </ul>
Experience	<ul style="list-style-type: none"> <li>• 2002 – Present: Member of Audit Committee, Siam Future Development Plc., Shopping Center Developer</li> <li>• 2005 – Present: Consultant, The Siam Cement Group</li> <li>• 1999 – 2005: President, Siam Cement Trading Co., Ltd. (Siam Cement Group)</li> <li>• 1995 – 1999: Senior Vice President, The Siam Cement Group, Ceramic Industry</li> <li>• 1991 – 1995: President, Siam Gardian Glass Co., Ltd., Glass Industry</li> <li>• 1987 – 1991: President, Siam Cement Trading Co., Ltd. (Siam Cement Group)</li> <li>• 1982 – 1987: Director, Distribution Division, Siam Cement Trading Co., Ltd. (Siam Cement Group)</li> <li>• 1981 – 1982: Director, Public Relation Division, Siam Cement Trading Co., Ltd. (Siam Cement Group)</li> <li>• 1979 – 1981: Chief of Marketing Division, Siam Cement Trading Co., Ltd. (Siam Cement Group)</li> <li>• 1977 – 1979: Chief of Construction, Sales and Public, Siam Cement Trading Co., Ltd. (Siam Cement Group)</li> </ul>



## 11. Ms. Sabaithip Suntaros • Age 60 years • Shareholding 0.00%

Position	Member of Audit Committee
Education	<ul style="list-style-type: none"><li>• B.A. (Accounting), Chulalongkorn University</li><li>• Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD)</li><li>• Audit Committee Program (ACP) in 2005, Thai Institute of Directors Association (IOD)</li></ul>
Experience	<ul style="list-style-type: none"><li>• 2004 – Present: Member of Audit Committee, Siam Future Development Plc., Shopping Center Developer</li><li>• 2003 – 2006: Member of working group, TISCO Charity Foundation</li><li>• 2001 – 2002: Senior Vice President Custodian Services, TISCO Finance Plc.</li><li>• 1997 – 2001: Senior Vice President Financial Division, TISCO Finance Plc.</li></ul>



## Management

### 1. Mr. Nopporn Witoonchart • Age 42 years

Please see the Details in Board of Directors.

### 2. Mr. Somnuk Pojkasemsin • Age 50 years

Please see the Details in Board of Directors.

### 3. Ms. Pornnipa Rujipairote • Age 45 years

Position	Executive Vice President
Education	<ul style="list-style-type: none"> <li>• MBA Thammasat university</li> <li>• MBA Bangkok University</li> <li>• B.B.A. Chulalongkorn university</li> </ul>
Experience	<ul style="list-style-type: none"> <li>• 2004 – Present: Executive Vice President, Siam Future Development Plc., Shopping Center Developer</li> <li>• 1991 – 2004: Senior Vice President, International Engineering Public Co., Ltd. (IEC), Telecommunication</li> <li>• 1988 – 1991: Senior Auditor, Deloitte Touche Tomutsu (Thailand) Co.,Ltd., Ltd., Audit Firm</li> </ul>

### 4. Ms. Krisana Udompitayaphumipicharn • Age 48 years

Position	Executive Vice President
Education	<ul style="list-style-type: none"> <li>• MBA National Institute of Development Administration (NIDA)</li> <li>• B.A. The University of the Thai Chamber of Commerce</li> </ul>
Experience	<ul style="list-style-type: none"> <li>• 2005 – Present: Executive Vice President, Siam Future Development Plc., Shopping Center Developer</li> <li>• 2003 – 2005: Managing Director, Celebrate Wealth Co., Ltd. (Saha Group)</li> <li>• 2002 – 2003: Vice President - Leasing, Central Pattana PLC., Ltd., Shopping Center Development</li> <li>• 1997 – 2002: General Manager – Sales &amp; Marketing, Pacific Asset Co., Ltd.</li> </ul>

### 5. Mr. Chernchai Niyamanusorn • Age 43 years

Position	Senior Vice President
Education	<ul style="list-style-type: none"> <li>• Master of International Management, American Graduate School of Management (Thunderbird), Arizona, U.S.A.</li> <li>• B.A. Assumption University</li> <li>• Director Accreditation Program (DAP) in 2004, Thai Institute of Directors Association (IOD)</li> </ul>
Experience	<ul style="list-style-type: none"> <li>• 2006 – Present: Senior Vice President, Siam Future Development Plc., Shopping Center Developer</li> <li>• 2002 – 2005: Assistant Managing Director, Siam Piwat Co., Ltd., Shopping Center Development</li> <li>• 1997 – 2001: Deputy Managing Director, Bliss-tell Plc.</li> <li>• 1994 – 1997: Logistic &amp; Supply Manager, Marketing Planning Manager, Tipco asphalt Plc.</li> </ul>

### 6. Ms. Sumontha Meksingwee • Age 39 years

Position	Vice President, Accounting and Finance Division
Education	<ul style="list-style-type: none"> <li>• MBA, Ramkhamhaeng university</li> <li>• Certificate of Auditing, Chulalongkorn University</li> <li>• Bachelor of Accounting, The University of the Thai Chamber of Commerce</li> </ul>
Experience	<ul style="list-style-type: none"> <li>• 2539 – Present: Vice President, Accounting and Finance Division, Siam Future Development Plc., Shopping Center Developer</li> <li>• 2533 – 2539: Senior Auditor, Deloitte Touche Tomutsu (Thailand) Co.,Ltd., Audit Firm</li> </ul>



## **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 2007, one annual general shareholders' meeting and one extraordinary 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's 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, 2 of them are executive directors, 5 non-executive director and 4 independent directors. Independent Directors accounts for 36% 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 2007 consists of salary and meeting allowance totaling Baht 31.51 million:

- 10.1 11 members of the company's Board of Directors received total meeting allowance of Baht 2.46 million.
- 10.2 9 Executive Directors and management received total remuneration of Baht 20.60 million.
- 10.3 Other remuneration: provident fund of Baht 2.71 million and Employee Stock Option Plan (ESOP) of Baht 5.74 million

## 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 2007, 5 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 Committees

The Audit Committee consists of three independent, non-executive directors. During 2007, 4 meetings were held with full attendance of all members. The committee must submit performance reports to the Board every quarter for acknowledgment. The Audit Committee report for the year 2007 is detailed on page 3

## 13 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.

## 14 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.

## 15 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) 660-9464, 9465 or <http://www.siamfuture.com>.



## **AUDITOR'S REPORT**

To the Shareholders of Siam Future Development Public Company Limited

I have audited the accompanying consolidated and company balance sheets as at 31 December 2007 and 2006 and the related consolidated and company statements of income, changes in shareholders' equity, and cash flows for the years then ended of Siam Future Development Public Company Limited and its subsidiaries and of Siam Future Development Public Company Limited ("the Company"), respectively. The Company's management is responsible for the correctness and completeness of information in these financial statements. 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 consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial position as at 31 December 2007 and 2006 and the consolidated and company results of operations and cash flows for the years then ended of Siam Future Development Public Company Limited and its subsidiaries and of Siam Future Development Public Company Limited, respectively, in accordance with generally accepted accounting principles.

Kajornkiet Aroonpirodkul  
Certified Public Accountant (Thailand) No. 3445  
PricewaterhouseCoopers ABAS Limited

Bangkok  
15 February 2008


**Siam Future Development Public Company Limited**
**Balance Sheets**
**As at 31 December 2007 and 2006**

	Notes	Consolidated		Company	
		2007	2006	2007	2006
		Baht	Baht	Baht	As restated Baht
Assets					
Current assets					
Cash and cash equivalents	5	39,538,208	59,661,068	24,262,474	4,101,074
Short-term investment	6	92,021,112	-	92,021,112	-
Trade accounts receivable, net	7	68,408,742	59,497,384	36,952,607	31,621,265
Finance lease receivables due					
within one year	8	180,944,955	512,931,480	89,218,901	22,603,330
Amounts due from related parties	26	-	-	61,022,798	56,888,851
Loans to subsidiaries	26	-	-	1,099,889,859	994,903,829
Other current assets	9	194,179,791	186,133,087	104,523,767	120,886,887
Total current assets		575,092,808	818,223,019	1,507,891,518	1,231,005,236
Non-current assets					
Restricted cash		2,090,122	2,365,000	-	300,000
Finance lease receivables	8	675,414,044	376,017,810	201,226,567	31,971,856
Investments in subsidiaries	10	-	-	230,425,000	180,325,000
Goodwill, net	11	41,952,000	44,384,000	-	-
Property and equipment, net	12	5,041,882,298	3,713,357,660	2,040,156,654	1,525,113,774
Deposits for leasehold land		56,539,668	56,349,668	56,539,668	56,349,668
Other non-current assets		22,147,176	22,179,369	14,439,827	14,438,310
Total non-current assets		5,840,025,308	4,214,653,507	2,542,787,716	1,808,498,608
Total assets		6,415,118,116	5,032,876,526	4,050,679,234	3,039,503,844

Director ..... Director .....

The notes to the consolidated and company financial statements on pages 50 to 70 form an integral part of these financial statements.


**Siam Future Development Public Company Limited**
**Balance Sheets**
**As at 31 December 2007 and 2006**

	Notes	Consolidated		Company	
		2007	2006	2007	2006
					As restated
		Baht	Baht	Baht	Baht
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and loans from					
financial institutions	13	165,000,000	772,638,353	165,000,000	272,638,353
Trade accounts payable		25,555,725	2,763,110	2,637,588	1,880,150
Loan from related parties	26	22,902,860	-	16,670,000	-
Current portion of unearned rental					
and service income	16	172,832,399	39,839,927	108,392,662	31,921,225
Current portion of long-term borrowings	14	539,173,805	186,294,510	329,975,677	185,096,382
Other current liabilities	15	179,036,051	148,487,576	112,647,979	95,274,960
Total current liabilities		1,104,500,840	1,150,023,476	735,323,906	586,811,070
Non-current liabilities					
Unearned rental and service income	16	580,220,183	483,976,178	250,329,895	272,697,094
Long-term borrowings	14	1,876,912,378	909,008,958	1,540,912,378	907,111,934
Deposits received from customers	26	379,886,475	418,247,635	199,836,283	150,785,236
Deferred tax liabilities	17	263,004,447	147,921,959	98,049,709	10,429,382
Other non-current liabilities		296,151,774	198,720,256	69,178,377	21,059,684
Total non-current liabilities		3,396,175,257	2,157,874,986	2,158,306,642	1,362,083,330
Total liabilities		4,500,676,097	3,307,898,462	2,893,630,548	1,948,894,400

The notes to the consolidated and company financial statements on pages 50 to 70 form an integral part of these financial statements.

**Siam Future Development Public Company Limited****Balance Sheets****As at 31 December 2007 and 2006**

	Notes	Consolidated		Company	
		2007	2006	2007	2006
		Baht	Baht	Baht	As restated Baht
Liabilities and shareholders' equity (Cont'd)					
Shareholders' equity					
Share capital					
Authorised share capital	18	533,947,769	533,947,769	533,947,769	533,947,769
Issued and paid-up share capital	18	508,941,438	508,941,438	508,941,438	508,941,438
Share premium	18	456,449,520	456,449,520	456,449,520	456,449,520
Retained earnings					
Appropriated-legal reserve	19	39,626,690	19,376,690	39,626,690	19,376,690
Unappropriated		673,308,453	563,960,565	152,031,038	105,841,796
Total parent's shareholders' equity		1,678,326,101	1,548,728,213	1,157,048,686	1,090,609,444
Minority interests		236,115,918	176,249,851	-	-
Total shareholders' equity		1,914,442,019	1,724,978,064	1,157,048,686	1,090,609,444
Total liabilities and shareholders' equity		6,415,118,116	5,032,876,526	4,050,679,234	3,039,503,844

The notes to the consolidated and company financial statements on pages 50 to 70 form an integral part of these financial statements.


**Siam Future Development Public Company Limited**
**Statements of Income**
**For the years ended 31 December 2007 and 2006**

	Notes	Consolidated		Company	
		2007	2006	2007	2006
		Baht	Baht	Baht	As restated Baht
<b>Revenues</b>					
Rental and service income		774,786,911	452,511,809	432,696,964	321,649,024
Revenue from finance lease contracts		717,889,670	1,195,821,085	402,233,241	240,535,906
Other income		97,406,538	26,151,828	177,192,246	77,427,215
<b>Total revenues</b>		<u>1,590,083,119</u>	<u>1,674,484,722</u>	<u>1,012,122,451</u>	<u>639,612,145</u>
<b>Expenses</b>					
Cost of rental and service		645,869,157	377,917,132	357,390,815	278,468,232
Cost of finance lease contracts		235,135,655	515,320,060	103,772,903	31,805,200
Selling and administrative expense		<u>153,011,490</u>	<u>118,029,742</u>	<u>108,088,377</u>	<u>97,678,146</u>
<b>Total expenses</b>		<u>1,034,016,302</u>	<u>1,011,266,934</u>	<u>569,252,095</u>	<u>407,951,578</u>
<b>Profit before interest and tax</b>		556,066,817	663,217,788	442,870,356	231,660,567
Interest expense		(98,732,237)	(37,207,105)	(92,053,448)	(70,317,639)
Income tax	21	<u>(139,741,122)</u>	<u>(184,057,798)</u>	<u>(106,248,163)</u>	<u>(40,967,920)</u>
<b>Profit before minorities</b>		317,593,458	441,952,885	244,568,745	120,375,008
Profit attributable to minorities, net		<u>(9,866,067)</u>	<u>(36,992,212)</u>	<u>-</u>	<u>-</u>
<b>Net profit for the year</b>		<u><u>307,727,391</u></u>	<u><u>404,960,673</u></u>	<u><u>244,568,745</u></u>	<u><u>120,375,008</u></u>
<b>Earning per share</b>					
Basic earnings per share	22	0.60	0.89	0.48	0.26

The notes to the consolidated and company financial statements on pages 50 to 70 form an integral part of these financial statements.


**Siam Future Development Public Company Limited**
**Statements of Changes in Shareholders' Equity**
**For the years ended 31 December 2007 and 2006**

		Consolidated					
		Issued and paid up share capital	Share premium	Legal reserve	Unappropriated retained earnings	Minority interests	Total
	Notes	Baht	Baht	Baht	Baht	Baht	Baht
Opening balance - 1 January 2007		508,941,438	456,449,520	19,376,690	563,960,565	176,249,851	1,724,978,064
Legal reserve	19	-	-	20,250,000	(20,250,000)	-	-
Net profit for the year		-	-	-	307,727,391	9,866,067	317,593,458
Dividends	23	-	-	-	(178,129,503)	-	(178,129,503)
Investment in subsidiaries made by minorities		-	-	-	-	50,000,000	50,000,000
Ending balance 31 December 2007		508,941,438	456,449,520	39,626,690	673,308,453	236,115,918	1,914,442,019
Opening balance - 1 January 2006		424,117,769	117,154,844	13,997,879	206,790,480	139,257,639	901,318,611
Issuance of ordinary shares	18	84,823,669	339,294,676	-	-	-	424,118,345
Legal reserve	19	-	-	5,378,811	(5,378,811)	-	-
Net profit for the year		-	-	-	404,960,673	36,992,212	441,952,885
Dividends	23	-	-	-	(42,411,777)	-	(42,411,777)
Ending balance 31 December 2006		508,941,438	456,449,520	19,376,690	563,960,565	176,249,851	1,724,978,064

The notes to the consolidated and company financial statements on pages 50 to 70 form an integral part of these financial statements.


**Siam Future Development Public Company Limited**
**Statements of Changes in Shareholders' Equity (Cont'd)**
**For the years ended 31 December 2007 and 2006**

	Notes	Company				
		Issued and paid up share capital	Share premium	Legal reserve	Unappropriated retained earnings	Total
		Baht	Baht	Baht	Baht	Baht
<b>Opening balance - 1 January 2007</b>						
As previously reported		508,941,438	456,449,520	19,376,690	563,960,565	1,548,728,213
Retrospective adjustments	3	-	-	-	(458,118,769)	(458,118,769)
Balance as restated		508,941,438	456,449,520	19,376,690	105,841,796	1,090,609,444
Legal reserve	19	-	-	20,250,000	(20,250,000)	-
Net profit for the year		-	-	-	244,568,745	244,568,745
Dividends	23	-	-	-	(178,129,503)	(178,129,503)
<b>Ending balance 31 December 2007</b>		<u>508,941,438</u>	<u>456,449,520</u>	<u>39,626,690</u>	<u>152,031,038</u>	<u>1,157,048,686</u>
<b>Opening balance - 1 January 2006</b>						
As previously reported		424,117,769	117,154,844	13,997,879	206,790,480	762,060,972
Retrospective adjustments	3	-	-	-	(173,533,104)	(173,533,104)
Balance as restated		424,117,769	117,154,844	13,997,879	33,257,376	588,527,868
Issuance of ordinary shares	18	84,823,669	339,294,676	-	-	424,118,345
Legal reserve	19	-	-	5,378,811	(5,378,811)	-
Net profit for the year (As restated)		-	-	-	120,375,008	120,375,008
Dividends	23	-	-	-	(42,411,777)	(42,411,777)
<b>Ending balance 31 December 2006</b>		<u>508,941,438</u>	<u>456,449,520</u>	<u>19,376,690</u>	<u>105,841,796</u>	<u>1,090,609,444</u>

The notes to the consolidated and company financial statements on pages 50 to 70 form an integral part of these financial statements.




**Siam Future Development Public Company Limited**
**Statements of Cash Flows**
**For the years ended 31 December 2007 and 2006**

		<b>Consolidated</b>		<b>Company</b>	
		<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
					<b>As restated</b>
	<b>Notes</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
<b>Cash flows from operating activities</b>	24	1,218,970,135	619,384,318	482,727,628	165,310,032
<b>Cash flows from investing activities</b>					
(Increase) decrease in restricted cash		274,878	(195,000)	300,000	440,000
Cash payment for short-term investment		(92,021,112)	-	(92,021,112)	-
Additional investment in subsidiaries	10	-	-	(50,100,000)	-
Loans to subsidiaries	26	-	-	(506,703,000)	(864,476,796)
Receipts from repayments of loans to subsidiaries	26	-	-	401,716,972	608,675,551
Proceeds from sale of property and equipment		-	4,900,000	-	4,900,000
Purchases of property and equipment		(1,753,328,487)	(1,454,292,801)	(723,404,976)	(299,117,041)
Net cash used in investing activities		(1,845,074,721)	(1,449,587,801)	(970,212,116)	(549,578,286)
<b>Cash flows from financing activities</b>					
Proceeds from loans from related parties	26	30,302,860	-	21,870,000	-
Repayments to loans from related parties	26	(7,400,000)	-	(5,200,000)	-
(Decrease) increase in bank overdrafts and short-term loans from financial institutions		(607,638,353)	614,076,182	(107,638,353)	110,184,703
Payments for liabilities under financial lease agreement	14	(900,382)	(2,971,950)	(96,384)	(1,773,822)
Proceeds from investment from minorities in subsidiary		50,000,000	-	-	-
Proceeds from long-terms borrowings	14	1,732,361,000	70,000,000	1,186,768,000	70,000,000
Repayments to long-term borrowings	14	(412,613,896)	(172,971,950)	(409,927,872)	(171,773,822)
Proceeds from issuance of ordinary shares and share premium	18	-	424,118,345	-	424,118,345
Dividends paid	23	(178,129,503)	(42,411,777)	(178,129,503)	(42,411,777)
Net cash receipts from financing activities		605,981,726	889,838,850	507,645,888	388,343,627
<b>Net increase (decrease) in cash and cash equivalents</b>		(20,122,860)	59,635,367	20,161,400	4,075,373
Beginning balance		59,661,068	25,701	4,101,074	25,701
Ending balance		39,538,208	59,661,068	24,262,474	4,101,074

The notes to the consolidated and company financial statements on pages 50 to 70 form an integral part of these financial statements.

**Siam Future Development Public Company Limited****Statements of Cash Flows****For the years ended 31 December 2007 and 2006****Supplementary information:**

Payments of interest and income tax during the years ended 31 December 2007 and 2006 are as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
				<b>As restated</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
Interest paid	128,491,764	74,821,840	100,300,040	72,537,468
Income tax paid	64,077,347	65,758,020	27,071,956	45,521,738

**Non-cash transactions**

Significant non-cash transactions for the years ended 31 December 2007 and 2006 are as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
				<b>As restated</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
Addition to investment in property and equipment not yet paid	1,812,349	1,302,784	63,000	1,207,814
Property and equipment decreased due to record as cost of finance lease contracts	217,878,339	434,527,260	91,753,093	18,035,580
Loans to subsidiary increased by transferring of leasehold rights to a subsidiary	-	-	-	269,703,166

The notes to the consolidated and company financial statements on pages 50 to 70 form an integral part of these financial statements.



**Siam Future Development Public Company Limited**  
**Notes to the Consolidated and Company Financial Statements**  
For the years ended 31 December 2007 and 2006

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**1. General information**

Siam Future Development Public Company Limited (“the Company”) is a public limited company, which is incorporated and domiciled in Thailand. The address of its registered office is as follows:

99 Ratchdapisek Road, Khwaeng Din Daeng, Khet Din Daeng, Bangkok 10400

The Company is listed on the Stock Exchange of Thailand. The principal business operating of the Company is the rental of building space and provision of utilities services in four categories as follow:

- (a) Short-term and long-term rental of building space, with rental terms of 1 - 3 years and 10 - 30 years, respectively.
- (b) Manage and provide services relating to common areas where by the term of service is in accordance with the term of rental.
- (c) Provision of utilities, which comprise electricity, water supplies and telephones.
- (d) Location procurement services.

These consolidated and company financial statements have been approved for issue by the Board of Directors on 15 February 2008.

**2. Accounting policies**

The principal accounting policies adopted in the preparation of these consolidated and company financial statements are set out below:

**2.1 Basis of preparation**

The consolidated and company financial statements have been prepared in accordance with Thai Generally Accepted Accounting Principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535.

The consolidated and company financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of the financial statements in conformity with Thai generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statement and the amounts or revenues and expenses in the reported periods. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates.

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



## 2. Accounting policies (Cont'd)

### 2.2. Amendment to accounting standards effective for accounting period beginning on 1 January 2007 and 2008

The following Thai Accounting Standards ("TAS") are revised and are mandatory for accounting periods beginning on or after 1 January 2007.

TAS No. 44 Consolidated and Separate Financial Statements

TAS No. 45 Investments in Associates

TAS No. 46 Interests in Joint Ventures

The Group has disclosed an impact of these revisions on the financial statements as described in Note 3.

The following Thai Accounting Standards ("TAS") are revised and are mandatory for accounting periods beginning on or after 1 January 2008.

TAS No. 25 Cash Flow Statement

TAS No. 29 Leases

TAS No. 31 Inventories

TAS No. 33 Borrowing Costs

TAS No. 35 Presentation of Financial Statement

TAS No. 39 Accounting Policies, Changes in Accounting Estimates and Errors

TAS No. 41 Interim Financial Reporting

TAS No. 43 Business Combinations

TAS No. 49 Construction Contracts

The new Thai Accounting Standard is mandatory for accounting periods beginning on or after 1 January 2008.

TAS No. 51 Intangible Assets

The Group does not choose for early adoption of these standards and will apply these revisions and the new accounting standards for the accounting periods beginning on 1 January 2008. The Management has assessed and determined that the revised and new standards do not have significant impact to the financial statements being presented.

### 2.3 Consolidation

#### Subsidiaries

Subsidiary undertakings, which are those companies in which the Group has power to govern the financial and operating policies, are consolidated; attention is directed to the substance of the power, and not merely the legal form.

Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date on which the Group ceases to have the power to exercise control over the operations. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured at the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless costs cannot be recovered. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group. Separate disclosure is made for minority interests. The interest of third parties in subsidiaries is accounted for on the basis of their share in the underlying equity of these undertakings. A list of the subsidiaries is set out in Note 10.

In the Company's separate financial statements, the Company accounts for its interest in subsidiaries on a cost basis.



## 2. Accounting policies (Cont'd)

### 2.4 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with maturities of 3 months or less from the date of acquisition.

### 2.5 Short-term investment

Short-term investment present at a fair value. The change of investment valuation are recognised a net gain or loss in the income statement. The fair value of investment is based on net assets value of the fund. The Company used the first-in, first-out method to determined a cost of investment.

### 2.6 Trade accounts receivable

Trade accounts receivable are recognised initially at original invoice amount and subsequently measured at the remaining amount less allowance for doubtful receivables based on a review of all outstanding amounts at the closing date. The amount of the allowance is the difference between the carrying amount and the amount expected to be collectible. Bad debts are recognised in the income statement within selling and administrative expenses.

### 2.7 Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is calculated on the straight-line basis to write off the cost of each asset, to its residual value over the estimated useful life, or, if it is shorter, the lease term, as follows:

Leasehold and improvements	Land leased contracts being 15 - 30 years
Buildings and improvements	Land leased contracts being 15 - 30 years
Office equipment	5 years
Computer and equipment	3 years
Motor vehicles	5 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposal of property and equipment are determined by comparing proceeds with carrying amount and are included in the income statement.

Borrowing costs to finance the construction of property and equipment are capitalised as part of cost of the asset during the period of time that is required to complete and prepare the property for its intended use. The borrowing costs include interest on short-term and long-term borrowings. Capitalisation of borrowing costs will be suspended during extended periods in which active development is interrupted.

## 2. Accounting policies (Cont'd)

### 2.8 Accounting for long-term leases

#### **Where a group company is the lessee**

Leases of property or equipment which substantially transfer all the risks and rewards of ownership to the lessees are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of income over the lease period. The property or equipment acquired under finance leases is depreciated over the useful life of the asset. Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of income on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

#### **Where a Group company is the lessor**

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

At the commencement of the lease term, the Group recognise the sales revenue which is the fair value of the asset, or, if lower, the present value of the minimum lease payments accruing to the lessor, computed at a market rate of interest. The cost of sale recognised at the commencement of the lease term is the cost, or carrying amount if different, of the leased property less the present value of the unguaranteed residual value. The difference between the sales revenue and the cost of sale is the selling profit, which is recognised in the statement of income

Assets leased out under operating leases are included in plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with other similar, plant and equipment owned by the Group. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

### 2.9 Intangible assets

#### **Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary or associated undertaking at the date of acquisition. Goodwill on acquisitions of subsidiaries is reported in the consolidated balance sheet as an intangible asset. Goodwill is amortised using the straight-line method over its estimated useful life. Management determines the estimated useful life of goodwill based on its evaluation of the respective companies at the time of the acquisition, considering factors such as existing market share, potential growth and other factors inherent in the acquired companies.

Goodwill arising on acquisitions of the Group is amortised over a period of 20 years.

At each balance sheet date the Group assesses whether there is any indication of impairment on separately recognised goodwill. If such indications exist an analysis is performed to assess whether the carrying amount of goodwill is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount.



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

### **2.10 Impairment of assets**

Property and equipment and other non-financial assets, including goodwill and intangible assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

### **2.11 Deferred income taxes**

Deferred income tax is provided in full, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences of the Group arise from allowances for impairment in value of assets, allowances for doubtful accounts, and other provisions.

Tax rates enacted at the balance sheet date are used to determine deferred income tax.

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

### **2.12 Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

### **2.13 Employee benefits**

The Group operates a provident fund, being a defined contribution plan, the assets of which are held in a separate trustee-administered fund. The provident fund is funded by payments from employees and by the relevant Group companies. Contributions made by the Group to the provident funds are charged to the statement of income in the year to which they relate.

### **2.14 Revenue recognition**

Revenue from rentals and services are recognised over the period in accordance with the agreement and rental and services are rendered. Revenue from leases are recognised in accordance with the accounting policy per Note 2.8 - Leases.

Unearned rental and service income are recognised using the straight-line method over the period of lease.

Interest income is recognised on an accrual basis unless collectibles is in doubt.



## 2. Accounting policies (Cont'd)

### 2.15 Financial instruments

Financial assets carried on the balance sheet include cash and cash equivalents, trade accounts receivable, finance lease receivable, amount due from related parties, loan to related parties. Financial liabilities carried on the balance sheet include trade accounts payable, leases and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

### 2.16 Dividends

Dividends are recorded in the consolidated and company's financial statements in the period in which they are approved by shareholders.

## 3. Change in accounting policy with respect to the investments

The notifications of Federation of Accounting Professions No.26/2549 dated 11 October 2006 and No.32/2549 dated 3 November 2006 relating to amendment of TAS 44 "Consolidated financial statements and accounting for investment in subsidiaries" and TAS 45 "Accounting for Investments in Associates" require the change from the equity method of accounting to cost method of accounting for investment in the subsidiaries and associates presented in the company financial statements. Under the cost method, income from investment will be recorded when dividends are declared. The notifications are mandatory from 1 January 2007. The change in such accounting policy only impact on the company financial statements and does not have any impact on the consolidated financial statements.

The Group has adopted the cost method commencing 1 January 2007 by applying retrospective adjustments. The effects of the change to the company balance sheet as of 31 December 2006 and the company statement of income for year ended 31 December 2006 are as follows:

	<b>Baht'000</b>
<b>Balance sheets as at 31 December 2006</b>	
Decrease in investments in subsidiaries	458,119
Shareholders' equity	
Decrease in retained earnings as at 31 December 2006	458,119
Decrease in retained earnings as at 1 January 2006	173,533
<b>Statement of income for the year ended 31 December 2006</b>	
Decrease in share of profit from subsidiaries - equity method	284,586
Decrease in net profit for the year	284,586
Decrease in basic earnings per share (Baht)	0.622

## 4. Segment information

The Group operates in only one business segment which is the development of the shopping centers and lease out space in the centers. Furthermore, currently, the business is only operated in Thailand. Accordingly, the operating results and assets presented in these financial statements are relating to only one segment, both operational unit and geographical.



**5. Cash and cash equivalents**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Cash	120	70	87	42
Deposits at call with banks	39,418	59,591	24,175	4,059
	<u>39,538</u>	<u>59,661</u>	<u>24,262</u>	<u>4,101</u>

The weighted average interest rate of deposits at call with banks during 2007 is 0.25% per annum (2006: 0.50% per annum).

**6. Short-term investment**

As at 31 December 2007, short-term investment is investment in unit trust of open fund amounting to Baht 92 million.

**7. Trade accounts receivable, net**

Trade accounts receivable represent receivable from tenants of operating leases. Outstanding trade accounts receivable as at 31 December can be aged as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Current	23,726	27,831	7,979	19,137
Overdue 1 to 3 months	26,197	24,003	17,436	6,293
Over 3 months	18,486	7,663	11,538	6,191
	<u>68,409</u>	<u>59,497</u>	<u>36,953</u>	<u>31,621</u>
<u>Less</u> provision for doubtful accounts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>68,409</u>	<u>59,497</u>	<u>36,953</u>	<u>31,621</u>

**8. Finance lease receivables**

	<b>Consolidated</b>		<b>Company</b>	
	<b>31 December 2007 Baht'000</b>	<b>31 December 2006 Baht'000</b>	<b>31 December 2007 Baht'000</b>	<b>31 December 2006 Baht'000</b>
The gross receivable in the lease contract				
Due within one year	211,695	527,125	99,715	23,361
Due later than one year	1,275,349	677,204	385,800	37,495
<b>Total</b>	<b>1,487,044</b>	<b>1,204,329</b>	<b>485,515</b>	<b>60,856</b>
The present value of minimum lease payments receivable				
Due within one year	180,945	512,932	89,219	22,603
Due later than one year	675,414	376,018	201,226	31,972
<b>Total</b>	<b>856,359</b>	<b>888,950</b>	<b>290,445</b>	<b>54,575</b>
<u>Less</u> allowance for doubtful accounts	-	-	-	-
<b>Net</b>	<b>856,359</b>	<b>888,950</b>	<b>290,445</b>	<b>54,575</b>
The unearned finance income	630,685	315,379	195,070	6,281

The unearned finance income is calculated basing on the discount rate of 8% per annum.

The significant characteristic terms of the leasing arrangements are:

- the lease term covers the major part of the economic life of the asset although title to the asset is not transferred by the end of the lease term;
- the lease amount which the lessee agrees to pay to the lessor at the commencement of the lease will not be obliged by the lessor to refund;
- in case of the lessee cancel the lease, the lessor's losses associated with the cancellation are borne by the lessee.

**9. Other current assets**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2007 Baht'000</b>	<b>2006 Baht'000</b>	<b>2007 Baht'000</b>	<b>2006 Baht'000</b>
Other accounts receivable	69,787	107,920	51,847	79,938
Withholding tax deducted at source	75,373	13,892	27,441	4,554
Prepaid expenses	25,030	17,076	18,979	11,422
Others	23,990	47,245	6,257	24,973
	<b>194,180</b>	<b>186,133</b>	<b>104,524</b>	<b>120,887</b>

**10. Investment in subsidiaries**

Movements in investments in subsidiaries are as follows:

	<b>Company</b>	
	<b>2007</b>	<b>2006</b>
	<b>Baht'000</b>	<b>Baht'000</b>
<b>For the year ended 31 December</b>		
Opening book value (as restated)	180,325	180,325
Additional	50,100	-
Closing book value	<u>230,425</u>	<u>180,325</u>

The details of investments in subsidiaries are as follow:

Nature of relationship		Issued and paid-up shares		% Ownership interest		Cost Method		Equity Method	
		2007	2006	2007	2006	2007	2006	2007	2006
		Baht' 000	Baht' 000	Baht' 000	Baht' 000	Baht' 000	Baht' 000	Baht' 000	Baht'000
Petchkasem Power Center Co., Ltd.	Shareholder	1,000	1,000	74	74	74,470	74,740	239,582	229,578
Ekkamai Lifestyle Center Co., Ltd.	Shareholder	1,000	1,000	51	51	60,510	60,510	98,781	98,111
Siam Future Property Co.,Ltd.	Shareholder	50,075	50,075	90	90	45,075	45,075	366,508	310,755
Ratchayothin Avenue Co.,Ltd.	Shareholder	100,000	-	50	-	50,000	-	49,716	-
Siam Future Management Co.,Ltd.	Shareholder	100	-	100	-	100	-	136	-
Ratchayothin Avenue Management Co.,Ltd.	Subsidiary of Ratchayothin Avenue Co.,Ltd	1,000	-	50	-	-	-	796	-
						<u>230,425</u>	<u>180,325</u>	<u>755,519</u>	<u>638,444</u>

All subsidiaries are incorporated in Thailand and engage in the business of building rental and providing utilities services.

**11. Goodwill, net**

	<b>Consolidated</b>	
	<b>2007</b>	<b>2006</b>
	<b>Baht'000</b>	<b>Baht'000</b>
<b>For the year end 31 December</b>		
Opening net book amount	44,384	46,816
Amortisation	<u>(2,432)</u>	<u>(2,432)</u>
Closing net book amount	<u>41,952</u>	<u>44,384</u>

**12. Property and equipment**

	<b>Consolidated</b>				
	Leasehold and improvement <b>Baht'000</b>	Building and improvement <b>Baht'000</b>	<b>Motor vehicles and office equipment and computer Baht'000</b>	<b>Construction in progress Baht'000</b>	<b>Total Baht'000</b>
<b>At 31 December 2006</b>					
Cost	759,274	2,124,523	54,710	1,183,227	4,121,734
<u>Less</u> Accumulated depreciation	(141,923)	(233,066)	(33,387)	-	(408,376)
Net book value	<u>617,351</u>	<u>1,891,457</u>	<u>21,323</u>	<u>1,183,227</u>	<u>3,713,358</u>
<b>Year ended 31 December 2007</b>					
Opening net book value	617,351	1,891,457	21,323	1,183,227	3,713,358
Additions	521,522	148,456	40,177	1,043,173	1,753,328
Disposals	(29,758)	(188,120)	-	-	(217,879)
Transferred in (out)	73,394	1,713,709	442	(1,787,545)	-
Depreciation charge	(35,295)	(159,465)	(12,165)	-	(206,925)
Closing net book value	<u>1,147,214</u>	<u>3,406,037</u>	<u>49,777</u>	<u>438,855</u>	<u>5,041,882</u>
<b>At 31 December 2007</b>					
Cost	1,324,432	3,798,568	89,890	438,855	5,651,745
<u>Less</u> Accumulated depreciation	(177,218)	(392,531)	(40,114)	-	(609,863)
Net book value	<u>1,147,214</u>	<u>3,406,037</u>	<u>49,776</u>	<u>438,855</u>	<u>5,041,882</u>

During 2007, the borrowing cost of Baht 41 million (2006: Baht 48 million) arising from financing for the project under development has been capitalised. The interest rate of 6% per annum which is the weighted average cost of loans is applied for the capitalisation (2006: 6% per annum).

	<b>Company</b>				
	Leasehold and improvement <b>Baht'000</b>	Building and improvement <b>Baht'000</b>	<b>Motor vehicles and office equipment and computer Baht'000</b>	<b>Construction in progress Baht'000</b>	<b>Total Baht'000</b>
<b>At 31 December 2006</b>					
Cost	457,856	1,276,072	45,081	114,231	1,893,240
<u>Less</u> Accumulated depreciation	(134,749)	(202,654)	(30,723)	-	(368,126)
Net book value	<u>323,107</u>	<u>1,073,418</u>	<u>14,358</u>	<u>114,231</u>	<u>1,525,114</u>
<b>Year ended 31 December 2007</b>					
Opening net book value	323,107	1,073,418	14,358	114,231	1,525,114
Additions	2,079	52,260	27,816	641,250	723,405
Disposals	(5,516)	(86,237)	-	-	(91,753)
Transferred in (out)	73,394	498,139	441	(571,974)	-
Depreciation charge	(24,563)	(83,142)	(8,904)	-	(116,609)
Closing net book value	<u>368,501</u>	<u>1,454,438</u>	<u>33,711</u>	<u>183,507</u>	<u>2,040,157</u>
<b>At 31 December 2007</b>					
Cost	527,813	1,740,234	67,899	183,507	2,519,453
<u>Less</u> Accumulated depreciation	(159,312)	(285,796)	(34,188)	-	(479,296)
Net book value	<u>368,501</u>	<u>1,454,438</u>	<u>33,711</u>	<u>183,507</u>	<u>2,040,157</u>

During 2007, the borrowing cost of Baht 21 million (2006: Baht 17 million) arisen from financing for project under development has been capitalised.

**12. Property and equipment (Cont'd)**

Properties with the net book value of Baht 945 million have been pledged as collateral for borrowings (Note 13 and Note 14).

During 2007, the disposals in the consolidation and the Company include Baht 218 million and Baht 92 million respectively of assets sold under finance lease contracts.

**13. Bank overdrafts and loans from financial institutions**

	Consolidated		Company	
	2007 Baht'000	2006 Baht'000	2007 Baht'000	2006 Baht'000
Bank overdrafts	-	32,638	-	32,638
Loans from financial institutions	165,000	740,000	165,000	240,000
	<u>165,000</u>	<u>772,638</u>	<u>165,000</u>	<u>272,638</u>

As at 31 December 2006, the subsidiary's loans from financial institution of Baht 500 million was guaranteed by the Company. The Company's loans from financial institution of Baht 240 million was guaranteed by pledge of a building as collateral.

**14. Borrowings**

	Consolidated		Company	
	2007 Baht'000	2006 Baht'000	2007 Baht'000	2006 Baht'000
<b>Current portion of long-term borrowings</b>				
Financial lease liabilities	1,370	1,295	172	96
Bank borrowings	290,500	60,000	82,500	60,000
Debentures	<u>247,304</u>	<u>125,000</u>	<u>247,304</u>	<u>125,000</u>
	<u>539,174</u>	<u>186,295</u>	<u>329,976</u>	<u>185,096</u>
<b>Long-term borrowings</b>				
Financial lease liabilities	-	2,069	-	172
Bank borrowings	568,500	165,000	232,500	165,000
Debentures	<u>1,308,412</u>	<u>741,940</u>	<u>1,308,412</u>	<u>741,940</u>
	<u>1,876,912</u>	<u>909,009</u>	<u>1,540,912</u>	<u>907,112</u>
<b>Total long-term borrowings</b>	<u>2,416,086</u>	<u>1,095,304</u>	<u>1,870,888</u>	<u>1,092,208</u>

**Bank borrowings**

Long-term bank borrowings which bear interest rate at MLR minus 0.5% per annum are secured by pledge of certain leasehold right including existing buildings and buildings to be constructed thereon. The borrowings are due for monthly repayment.

**Debentures**

In 2005, the Company issues unsubordinated and unsecured debenture of 1,000,000 units with the face value of Baht 1,000 per unit amounting to a total of Baht 1,000 million. The term of debenture is five years and bears interest at the rate of 5.20% per annum.

**14. Borrowings (Cont'd)****Debentures (Cont'd)**

During in 2007, the Company has issued a debenture No.1/2007, totaling 590,000 units of Baht 1,000 per unit, amounting to Baht 590 million, bearing interest rate of 4.98% per annum. The Company has also issued debenture No. 2/2007, totaling 350,000 units of Baht 1,000 per unit, amounting to Baht 350 million, bearing interest rate of 4.98% per annum. Both debentures are unsubordinated and unsecured, maturing on 14 August 2010. Total issuance costs for both bonds are amounting to Baht 3.23 million. The Company has to maintain financial ratios, percentage of shareholding and other conditions as stipulated in the offering documents.

The movements in the borrowings can be analysed as follows:

**For the year ended 31 December 2007**

	<b>Consolidated</b>	<b>Company</b>
	<b>Baht'000</b>	<b>Baht'000</b>
Opening amount	1,095,304	1,092,208
Borrowing	1,732,361	1,186,768
Repayment of borrowings	(413,515)	(410,024)
Amortisation of debenture issuance cost	1,936	1,936
Closing amount	2,416,086	1,870,888

The exposure of the borrowings in relation to interest rate changes are as follows:

	<b>Consolidated</b>		<b>Company</b>
	<b>2007</b>	<b>2006</b>	<b>2007</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Total borrowings:			
- at fixed rates	1,557,086	870,304	1,555,888
- at floating rates	859,000	225,000	315,000
	2,416,086	1,095,304	1,870,888
			1,092,208
	<b>Consolidated</b>		<b>Company</b>
	<b>2007</b>	<b>2006</b>	<b>2007</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Weighted average effective interest rates:			
Total borrowings	5.36	5.62	5.29
			5.62

The carrying amounts and fair values of long-term borrowings as at 31 December are as follows:

	<b>Consolidated</b>		<b>Company</b>
	<b>Carrying amount</b>	<b>Fair value</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Total borrowings:	2,416,086	1,095,304	2,097,391
			974,000
	<b>Company</b>		
	<b>Carrying amount</b>	<b>Fair value</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Total borrowings:	1,870,888	1,092,208	1,663,818
			974,000

The fair values of Bank and financial institution borrowings and loan from related companies are based on discounted cash flows using a discount rate based upon the borrowing rate which the directors expect would be available to the Group at the balance sheet date.

**14. Borrowings (Cont'd)**

Maturity of long-term borrowings:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Within 1 year	539,174	186,295	329,976	185,096
Later than 1 year and not later than 2 years	364,903	186,299	337,303	185,101
Later than 2 years and not later than 5 years	1,288,509	480,770	1,196,109	480,071
Later than 5 years	223,500	241,940	7,500	241,940
	<u>2,416,086</u>	<u>1,095,304</u>	<u>1,870,888</u>	<u>1,092,208</u>

As at 31 December, the group has the following undrawn borrowing facilities as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
<b>Unused credit lines</b>				
Floating rate	106	32,699	-	20,699

**15. Other current liabilities**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Accrued expenses	70,573	74,494	43,189	37,384
Retention payable	35,588	11,726	27,865	11,726
Accrued interest expense	22,961	12,261	22,962	9,648
Others	49,914	49,647	18,632	36,517
	<u>179,036</u>	<u>148,488</u>	<u>112,648</u>	<u>95,275</u>

**16. Unearned rental and service income**

Unearned rental and service income are due for recognition as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Within 1 year	172,832	39,840	108,393	31,921
Within 2 years and not later than 5 years	181,513	159,360	125,454	127,684
Later than 5 years	398,708	324,616	124,876	145,013
	<u>753,053</u>	<u>523,816</u>	<u>358,723</u>	<u>304,618</u>

**17. Deferred income taxes**

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Opening balance of deferred tax assets (liabilities)	(147,922)	4,573	(10,429)	3,959
Statement of income charges (Note 21)	(115,082)	(152,495)	(87,620)	(14,388)
Closing balance of deferred tax (liabilities)	<u>(263,004)</u>	<u>(147,922)</u>	<u>(98,049)</u>	<u>(10,429)</u>

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the period is as follows:

	<b>Consolidated</b>		
<b>Deferred tax assets</b>	<b>Deposit received from customers</b>	<b>Unearned service income</b>	<b>Total</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Opening balance 1 January 2007	3,245	5,119	8,364
Charges to net profit	3,243	4,968	8,211
Closing balance 31 December 2007	<u>6,488</u>	<u>10,087</u>	<u>16,575</u>

	<b>Consolidated</b>	
<b>Deferred tax liabilities</b>	<b>Profit from finance lease contracts</b>	<b>Total</b>
	<b>Baht'000</b>	<b>Baht'000</b>
Opening balance 1 January 2007	156,286	156,286
Credit to net profit	123,293	123,293
Closing balance 31 December 2007	<u>279,579</u>	<u>279,579</u>

	<b>Company</b>		
<b>Deferred tax assets</b>	<b>Deposit received from customers</b>	<b>Unearned service income</b>	<b>Total</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Opening balance 1 January 2007	1,632	2,528	4,160
Charges to net profit	945	870	1,815
Closing balance 31 December 2007	<u>2,577</u>	<u>3,398</u>	<u>5,975</u>

	<b>Company</b>	
<b>Deferred tax liabilities</b>	<b>Profit from finance lease contracts</b>	<b>Total</b>
	<b>Baht'000</b>	<b>Baht'000</b>
Opening balance 1 January 2007	14,589	14,589
Credit to net profit	89,435	89,435
Closing balance 31 December 2007	<u>104,024</u>	<u>104,024</u>



**17. Deferred income taxes (Cont'd)**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right the income taxes relate to the same fiscal authority. The following amounts, determining after appropriate offsetting, are shown in the consolidated and the Company balance sheets as at 31 December 2007 and 2006:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Deferred tax assets	16,575	8,364	5,975	4,160
Deferred tax liabilities	(279,579)	(156,286)	(104,024)	(14,589)
Total deferred tax (liabilities)	<u>(263,004)</u>	<u>(147,922)</u>	<u>(98,049)</u>	<u>(10,429)</u>

The amount shown in the balance sheet as at 31 December 2007 and 2006 include the following:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Deferred tax assets to be recovered after more than 12 months	16,575	8,364	5,925	4,160
Deferred tax liabilities to be payable after more than 12 months	279,579	156,286	104,024	14,589

**18. Share capital and share premium**

	<b>Number of ordinary share share</b>	<b>Ordinary share capital Baht'000</b>	<b>Share premium Baht'000</b>	<b>Total Baht'000</b>
<b>Authorised share capital</b>				
At 31 December 2007	<u>533,947,769</u>	<u>508,941</u>	<u>456,450</u>	<u>965,391</u>
<b>Issued and paid-up share capital</b>				
At 31 December 2005	500,000,000	424,118	117,155	541,273
Decrease of shares	(75,882,231)	-	-	-
Issue of shares	<u>109,830,000</u>	<u>84,823</u>	<u>339,295</u>	<u>424,118</u>
At 31 December 2006	<u>533,947,769</u>	<u>508,941</u>	<u>456,450</u>	<u>965,391</u>
	-	-	-	-
At 31 December 2007	<u>533,947,769</u>	<u>508,941</u>	<u>456,450</u>	<u>965,391</u>

As at 31 December 2007, the total authorised number of ordinary shares is 534 million shares (2006: 534 million shares) with a par value of Baht 1 per share (2006: Baht 1 per share).

**18. Share capital and premium on share capital (Cont'd)**

On 14 July 2006, at the Extraordinary Shareholder's Meeting no.1/2006, the shareholders have approved the following:

- 1) Decrease of registered share capital from Baht 500,000,000 by Baht 75,882,231 to Baht 424,117,769. The decrease is due to the Company has excess of registered share capital due to the reserve for convertible warrants of which the exercise period has expired on 13 December 2005.
- 2) Offer 84,830,000 new ordinary shares at the par value of Baht 1, to the existing shareholders. The nearly issued shares will be granted to the existing shareholders at the proportion of 5 existing shares per 1 new share at the offering price of Baht 5.
- 3) Allotment of ordinary shares, not exceeding 15,000,000 shares to reserve for the exercise of the warrants to directors and employees participating in the ESOP program (3.53% of registered share capital).
- 4) Allotment of ordinary shares, not exceeding 10,000,000 shares to reserve for the exercise of the warrants mentioned in 3), in case of right adjustment.

**19. Legal reserve**

Under the Public Companies Act, the Company is required to set aside as a legal reserve at least 5 percent of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10 percent of the registered capital. The legal reserve is not distributable as dividend. The Company will set aside its net profit as a legal reserve when the Board of Directors pass a resolution to approve the reserve.

**20. Profit before interest and tax**

The following expenditures, classified by nature, have been charged in arriving at operating profit:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Depreciation on property and equipment (Note 12)	206,925	130,162	116,609	96,586
Staff costs	59,575	56,818	56,374	54,747

**21. Income tax**

Income taxes in the consolidated and the Company's statement of income analysed as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Current tax charge	24,659	31,563	18,628	26,580
Deferred tax (Note 17)	115,082	152,495	87,620	14,388
Income tax	<u>139,741</u>	<u>184,058</u>	<u>106,248</u>	<u>40,968</u>

**21. Income tax (Cont'd)**

The calculation of income tax in the consolidated and company statements of income are as follows: -

	Consolidated		Company	
	2007	2006	2007	2006 As restated
	Baht'000	Baht'000	Baht'000	Baht'000
Profit before tax	457,335	626,011	350,817	161,343
Tax calculated at a tax rate of 25% - 30% for the Company and 15% - 30% for subsidiaries	137,606	179,736	105,245	40,336
Expenses not deductible for tax purposes	2,135	4,322	1,003	632
Income tax	139,741	184,058	106,248	40,968

**22. Earnings per share**

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	Consolidated		Company	
	2007	2006	2007	2006 As restated
Net profit attributable to shareholders (Baht' 000)	307,727	404,961	244,569	120,375
Weighted average number of ordinary shares in issue ('000 shares)	508,941	457,579	508,941	457,579
Basic earnings per share (Baht)	0.60	0.89	0.48	0.26

There are no potential dilutive ordinary shares in issue during the years ended 31 December 2007 and 2006.

**23. Dividends**

At the Annual General Meeting on 22 March 2007, the shareholders approved the payment of a dividend in respect of 2006 of Baht 0.35 per share totaling Baht 178.13 million (2006: Baht 0.10 per share totaling Baht 42.41 million). The Company paid the dividends on 19 April 2007.

**24. Cash flows from operating activities**

Reconciliation of net profit for the year ended 31 December to cash flows from operating activities:

		Consolidated		Company	
		2007	2006	2007	2006
	Notes	Baht	Baht	Baht	As restated Baht
Net profit		307,727,391	404,960,673	244,568,745	120,375,008
Adjustments for:					
Depreciation	12	206,925,510	130,162,008	116,609,004	96,585,972
Amortisation of prepayment		362,375	362,375	362,375	362,375
Amortisation of debenture issuance cost	14	1,935,993	1,588,605	1,935,993	1,588,605
Written-off of equipment		-	3,566,530	-	3,566,530
Amortisation of goodwill	11	2,432,000	2,432,000	-	-
Gain on sales of fixed assets		-	(1,556,182)	-	(1,556,182)
Realised unearned rental and service income		(47,827,936)	(36,570,607)	(33,813,119)	(31,278,723)
Deferred income taxes	17	115,082,488	152,495,378	87,620,327	14,388,168
Minority interest		9,866,067	36,992,212	-	-
Changes in operating assets and liabilities:					
- trade accounts receivable		(8,911,358)	71,491,861	(5,331,342)	88,110,644
- finance lease receivable		250,468,630	(454,422,030)	(144,117,190)	(36,539,606)
- amount due from related companies		-	-	(4,133,947)	(50,138,683)
- other current assets		(8,409,079)	(135,502,830)	16,000,745	(84,083,484)
- other non-current assets		(157,807)	(17,267,227)	(191,517)	(10,629,568)
- trade accounts payable		22,792,615	(35,608,497)	757,438	(35,745,360)
- income tax payable		-	(20,917,942)	-	(20,917,942)
- other current liabilities		30,548,476	(47,653,321)	17,373,019	33,755,305
- unearned rental and service income		277,064,413	83,648,279	87,917,357	18,530,143
- deposit received from customers		(38,361,160)	282,462,777	49,051,047	37,877,146
- other liabilities		97,431,518	198,720,256	48,118,693	21,059,684
Cash generated from operations		<u>1,218,970,135</u>	<u>619,384,318</u>	<u>482,727,628</u>	<u>165,310,032</u>

**25. Financial instruments**

The principal financial risks faced by the Group are interest rate risk and credit risk. The Group borrows at both fixed and floating rates of interest to finance its operations. Credit risk arises from the risk in the collectability of rental fees.

**a) Credit risks**

The current policies established by the Group to manage credit risk are:

- To collect a guarantee equivalent to 6 months rental and service fee from customers.
- To terminate rental contracts for tenants whose rental and service fees are overdue.

**b) Liquidity risks**

The liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Group's treasury policy aims at maintaining flexibility in funding by keeping committed credit lines available.

**c) Fair values**

The carrying amounts of the following financial assets and financial liabilities approximate to their fair values: cash and cash equivalent, trade accounts receivables amount due from related parties, loans to related parties, bank overdrafts and loans from financial institutions, trade accounts payable, other account payable. Information on the fair values of finance lease receivable borrowings is included in Note 8 and Note 14, respectively.

**26. Related party transactions**

Enterprises and individuals that directly or indirectly, through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The Company is an associate of Major Cineplex Group Public Company Limited which owns 21.25% of the Company's share (31 December 2006: 21.25%). Therefore, all subsidiaries and associates of Major Cineplex Group are related parties.

The Group enters into transactions with related companies in the normal course of business. Significant transactions for the years ended 31 December can be summarised as follows:

**a) Revenues**

For the years ended 31 December	Consolidated		Company	
	2007	2006	2007	2006
	Baht'000	Baht'000	Baht'000	Baht'000
<b>Rental and service income</b>				
Major Cineplex Group Public Company	102,591	17,994	58,037	17,994
<b>Revenue from finance lease contracts</b>				
Related parties	91,225	212,797	-	-
<b>Management fee income</b>				
Subsidiaries	-	-	46,522	8,374
<b>Interest income</b>				
Subsidiaries	-	-	85,218	51,718

Rental and service incomes were carried out on normal commercial terms and conditions and at market prices which are subject to location, lease pace, lease terms, timing and type of lease. Management fees were charged at the rate being charged other companies in the same business.

Interest is charged at the rate of 7.75% per annum (2006: 6.75% to 7.75%).

**b) Finance lease receivables**

	Consolidated	
	2007	2006
	Baht'000	Baht'000
Related parties	301,624	212,797

**26. Related party transactions (Cont'd)****c) Amount due from related parties**

	<b>Company</b>	
	<b>2007</b>	<b>2006</b>
	<b>Baht'000</b>	<b>Baht'000</b>
Subsidiaries	61,023	56,889

**d) Loans to subsidiaries**

Movement of loans to subsidiaries during the year is as follows:

	<b>Company</b>	
	<b>2007</b>	<b>2006</b>
	<b>Baht'000</b>	<b>Baht'000</b>
<b>Short-term loans</b>		
Beginning balance	994,904	469,399
Loans made during the year	506,703	1,134,181
Loans payments	(401,717)	(608,676)
Ending balance	1,099,890	994,904

As at 31 December 2007, loans to subsidiaries represent short-term loans which are unsecured, denominated in Thai Baht, and are repayable on demand. The loans bear interest at the rate of 7.75% per annum (2006: 6.75% to 7.75%).

**e) Loan from related parties**

Movement of loan from related parties during the year is as follows:

	<b>Consolidated</b>	<b>Company</b>
	<b>2007</b>	<b>2007</b>
	<b>Baht'000</b>	<b>Baht'000</b>
Beginning balance	-	-
Borrow during the year	30,303	21,870
Repayment	(7,400)	(5,200)
Ending balance	22,903	16,670

As at 31 December 2007, loan from related parties represents unsecured short-term loan denominated in Thai Baht, and is repayable on demand. The loan bears interest at the rate of 7.75% per annum.

**f) Unearned rental and service income**

As at 31 December of 2007, the unearned rental and service income of a subsidiary includes an advance for lease from Major Cineplex Group Public Company Limited amounting to Baht 150 million (2006: Baht 109 million included in Deposits received from customers).

**g) Directors and management remuneration**

In 2007, the total salaries and other benefits, including directors' fee paid to directors and management included as an expense in the statements of income are amounting to Baht 26 million (2006: Baht 27 million).

**27. Commitments****Capital commitments**

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements is as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>
Projects under development	239	556	81	389

**Operating lease commitments - where a group company is the lessee**

The future minimum lease payments under non-cancelable operating lease are as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>
Within 1 year	108	80	82	54
Within 2 years and not later than 5 years	465	356	346	243
Later than 5 years	2,032	1,788	1,064	785
	<b>2,605</b>	<b>2,224</b>	<b>1,492</b>	<b>1,082</b>

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