

รายงานประจำปี 2551  
ANNUAL REPORT 2008



SIAM FUTURE DEVELOPMENT PUBLIC COMPANY LIMITED

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



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

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

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## Contents

### Page

1	Message from the Board of Directors
2	Audit Committee Report
3	General Information
6	Major Accomplishments of the Company
7	Financial Highlights
9	Explanation and Analysis on the Financial Status
12	Nature of Business
17	Market and Competition
24	Risk Factors
27	Organization Chart
28	Shareholding Structure and Management
41	Report on Compliance with Principles of Good Corporate Governance
48	Report of Independent Auditor and Financial Statements



## **Message from the Board of Directors**

In Year 2008, the Company launched the Major Avenue Ratchayothin Shopping Center on Ratchadapisek Road which is an open-air shopping center focusing on refreshing atmosphere similar to J-Avenue Shopping Center to capture customers from Phaholyothin Road, Ratchayothin and nearby areas who like the style of this shopping center. The Company thus adds to its portfolio another shopping center which is a meeting point of new generation. Major business alliances of this shopping center include Villa Supermarket, Greyhound Restaurant as well as other shop operators. The shopping centers which have been launched and very well-know are J-Avenue Shopping Center and The Esplanade Ratchadapisek Shopping Center.

However, the economic crisis in October 2008 in the US has caused the economy of countries in every continent around the world to become stagnant. Intermittent closures of financial institutions in many countries also have an impact on Thailand. This together with an uncertainty in local political situation, which caused a temporary closure of Suwannabhum Airport, have cause the number of tourists during the high season for Thailand tourism to decline drastically causing a negative chain effect to every industry. As such, in order for the Company to generate sustainable revenues and to avoid difficulties under this uncertain economic condition, the Company has emphasized on continuous improvement of the existing shopping centers to support the existing customers while it will carefully consider the new shopping center development projects in order to maintain the best interest of every group of business alliances of the Company.

There was one project under construction in Year 2008 i.e. Nawamin City Avenue Shopping Center on Kaset-Nawamin Road which is expected to be completed in the second quarter of Year 2009. This shopping center will be developed as a center for the new generation. Presently, gross leasable area of shopping centers under management of the Company amounted to 237,625 square meters depicting a growth of 8% from 219,641 square meters of Year 2007. The total area of projection under construction is 7,764 square meters.

For the performance in Year 2008, the Company's revenue from rental and service amounted to Baht 1,697 million or an increase of 6% from that of Year 2007. Net profit for the year stood at Baht 226.4 million or a decrease of 26% from Year 2007 figure. The increase in revenue was attributable to the 37% increase in rental & service revenue while the revenue from financial lease contracts declined by 29% as the number of tenants with long-term lease contracts at The Avenue Pattaya Shopping Center opened in Year 2007 was more that that of the Major Avenue Ratchayothin Shopping Center opened in Year 2008.

As the fluctuation in economic condition arises which currently presents the risk to the business operation, the Company will carefully consider new project and focus on a total quality management throughout the organization to enable the Company to firmly improve its shopping centers which will bring about the sustainable profit to the Company and return to the shareholders in a long run. The Board of Directors continues to be committed to the principles of good corporate governance and transparent professional management approach with business ethics of business in performing their duties.

At last, the Company would not be able to achieve all these successes without the dedication, commitment and cooperation to perform the duties at their best capability from all groups of business alliances of the Company. Therefore, the Board of Directors would like to convey a sincere appreciation to supporters, shareholders, suppliers, customers, financial institutions, financial advisors and staffs for their continuous trust and support over the past years and in the future.

(Mr. Oranop Jantaraprapa)  
Chairman



## **Audit Committee Report**

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

- |                             |                                 |
|-----------------------------|---------------------------------|
| 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   |

In performing its duty during Year 2008, the Audit Committee has convened 4 meetings according to the quarterly review of financial statements by the auditor of the Company. In Year 2008, the Company continues to grow and has 1 project under construction. However, global economic crisis in late 2008 has an impact on every industry around the globe including Thailand. Thus the Audit Committee, in this year and next year, has emphasized on internal control system and reporting system as well as further development of other operational systems in order for the Company's operation to be carried out efficiently and effectively to bring about accurate and complete information for a sound and timely decision making under this uncertain economic condition. The Audit Committee has performed its duties assigned by the Company's Board of Directors strictly pursuant to the principles of good corporate governance guideline of the Stock Exchange of Thailand.

The areas in which the Audit Committee has also emphasized that the Company must strictly and seriously comply with include compliance with related accounting principles, transparent business operation according to the Company's code of conduct, compliance with related laws and regulations, ensuring that there is no conflict of interest, review of the financial statements as well as proposing the appointment of the Company's auditor. In addition, the Audit Committee has continued to perform its tasks in other areas as usual.

The Audit Committee has considered and is of the opinion that the Company's internal control system is sufficient and suitable for the Company's business according to the principles of good corporate governance and no material failure was found. The Company's financial statements were prepared in conformity with generally accepted accounting principles and the information disclosure is complete and sufficient.

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 Ngod-Ngarmwong, 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 2009 financial statements of the Company.

(Mrs. Nantiya Montriwat)  
Chairman of the Audit Committee



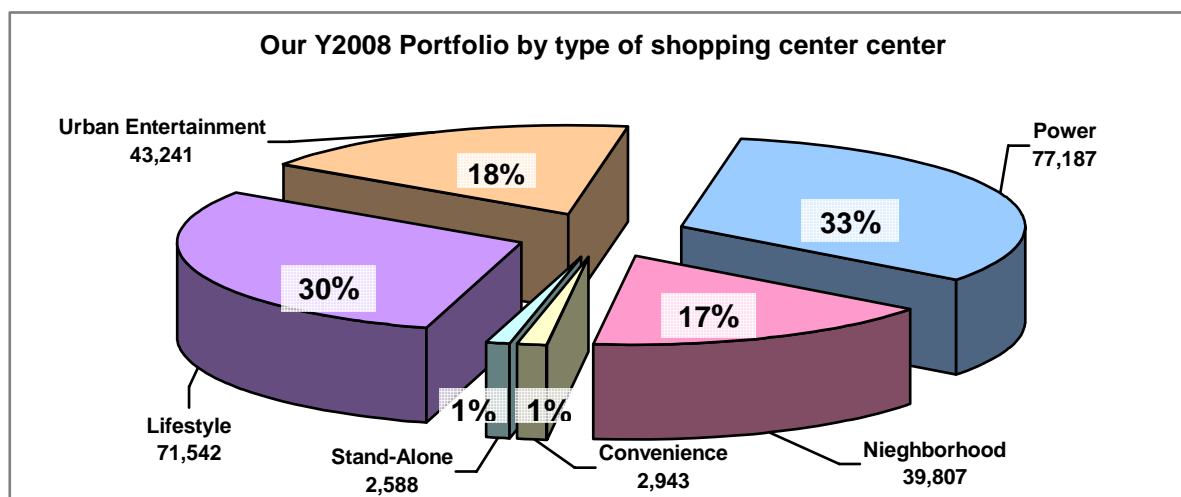


## General Information

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 29 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	8	Bangbon, Pracha-Utis, Sukhapiban 3, Sukhumvit 71 (Klong Ton), Thonglor, and Thungmahamek, Piyaom Place (Soi Sukhumvit 101/1), <b>Market Place Nawamin</b>
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, Bangkai, Phaholyothin Km.27, Mengjai and Tha Phra.
Power Center	4	SF Major Cineplex Cha Choeng Sao, Petchkasem Power Center, Ekkamai Power Center and Kao Yai Market Village
Urban Entertainment Center	1	Esplanade Ratchadapisek
Lifestyle Center	5	J Avenue Thonglor 15, The Avenue Chaeng Watthana, La Villa Phonyothin, The Avenue Pattaya, and <b>Major Avenue Ratchayothin</b>





In 2008, there is one expired project which is stand alone B-Quik, Srinakarin. Additionally, we have 1 underconstruction projects which planned to open within the 2<sup>nd</sup> quarter of 2009, one lifestyle centers: Nawamin City 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 61

**Company Profile**

Siam Future Development Public Company Limited

Registration No. : 0107545000187

Registration Date: August 13, 2002

Address: Esplanade Ratchadapisek 99 Ratchadapisek Road, Din Dang  
Bangkok, Thailand 10400.  
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: 513.15 Million Baht with 513.15 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

<p><b>1994</b> ♦ Siam Future Development Public Company Limited was established with a purpose to conduct an open shopping center development and management services.</p>	
<p><b>1995</b> ♦ The Company's first neighborhood shopping center was opened in Bang Bon with JUSCO as the anchor tenant.</p>	
<p><b>1996</b> ♦ 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.</p>	
<p><b>1997</b> ♦ Registered capital was increased to Baht 20 million. ♦ The 4<sup>th</sup> neighborhood shopping center was opened on Sukhumvit 71 with JUSCO as the anchor tenant.</p>	
<p><b>2000</b> ♦ 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.</p>	
<p><b>2002</b> ♦ The Company's status was transformed to a public company and the registered capital increased to Baht 150 million, Baht 71 million of which being paid-up capital at par value of Baht 1 per share ♦ The Company was listed on the MAI on 17 December 2002.</p>	
<p><b>2003</b> ♦ 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. ♦ Registered capital was increased to Baht 500 million. Major Cineplex Group Public Company Limited became one of the shareholders with 25% shareholding.</p>	
<p>♦ 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</p>	
	<p><b>2004</b> ♦ Acquired The Family Center Chaeng Watthana and Piyarom Park ♦ Set up 3 subsidiaries - Petch Kasem Power Center Co., Ltd., Ekkamai Lifestyle Center Co., Ltd. and Siam Future Property Co., Ltd.  ♦ Ladprao Soi 120 Convenience Center was opened. ♦ SF Major Cineplex Cha Choeng Sao, the 1<sup>st</sup> Power Center, was opened with Major Cineplex as an anchor tenant. ♦ J Avenue Thonglor 15, the 1<sup>st</sup> Lifestyle Center, was opened with Villa Market as an anchor tenant.</p>
	<p><b>2005</b> ♦ Issued the Baht 1 Billion 5-year Debenture with Credit rating of BBB+ ♦ Wanghin Lotus Express was opened. ♦ Petchkasem Power Center and Ekkamai Power Center were opened.</p>
	<p><b>2006</b> ♦ 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. ♦ 2 New Lifestyle Centers, The Avenue Chaeng Watthana and La Villa Phahonyothin, were opened. ♦ <b>J Avenue Thonglor 15</b> won <i>The Innovative Design and Development of a New</i> from International Council of Shopping Centers (ICSC) International Design and Development Awards 2006 ♦ Esplanade Ratchadapisek, an urban entertainment center, was opened.</p>
	<p><b>2007</b> ♦ The Avenue Pattaya, a lifestyle center, and Kao Yai Market Village, a Power Center, were opened. ♦ Issued the Baht 940 Million 3-year Debenture with Credit Rating of BBB+ ♦ 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.</p>
	<p><b>2008</b> ♦ One neighborhood center named Market Place Nawamin and one lifestyle center named Major Avenue Ratchayothin were opened.</p>

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

Million Baht	Year 2007	Year 2008	Change Year 2008/2007
Total Assets	6,415.12	7,184.72	12.0%
Total Liabilities	4,500.68	5,026.72	11.7%
Registered Capital	533.95	533.95	0.0%
Shareholders' Equity	1,914.44	2,158.00	12.7%
Total Revenues	1,590.08	1,697.34	6.7%
Gross Profit <sup>1</sup>	218.42	399.40	82.9%
Net Profit	307.73	226.42	-26.4%
Book Value per share (Baht)	3.76	4.21	
Dividend per share (Baht)	0.25	Suspension	<sup>2</sup>
Gross Profit Margin	25.04%	33.66%	
Net Profit Margin	19.35%	13.34%	
Return on Equity (ROE)	16.07%	10.49%	
Return on Assets (ROA)	4.80%	3.15%	
Interest Bearing Debt to Equity Ratio	1.35	1.35	
Gross Leasable Area (sq.m.)	219,641	237,308	8.0%

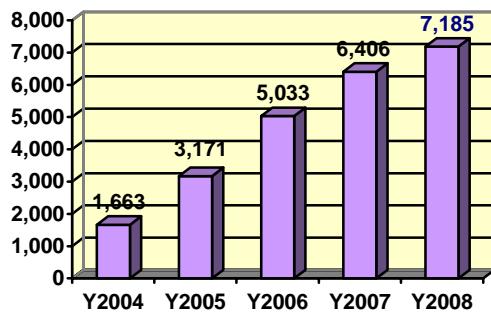
**Note**

1 Excluding Revenue and Cost of finance lease contracts

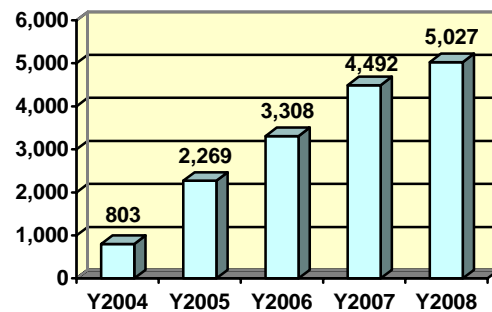
2 Dividend per share to be presented to the shareholders' meeting for approval.

**Total Assets**

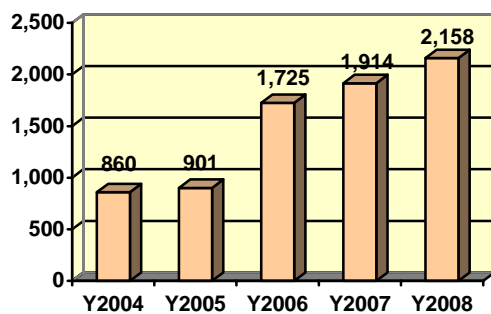
Million Baht

**Total Liabilities**

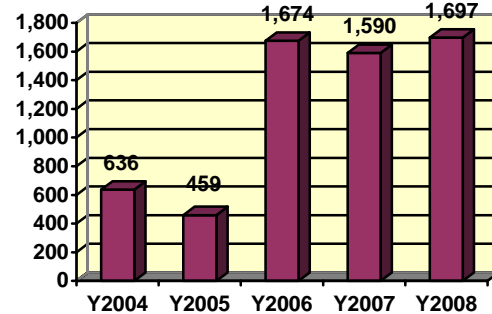
Million Baht

**Shareholders' Equity**

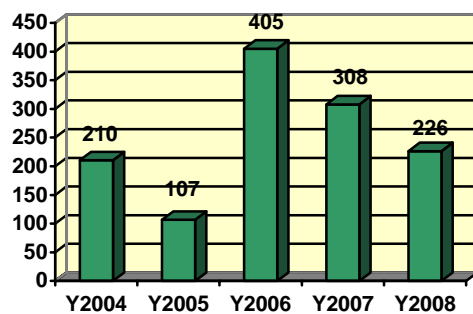
Million Baht

**Total Revenues**

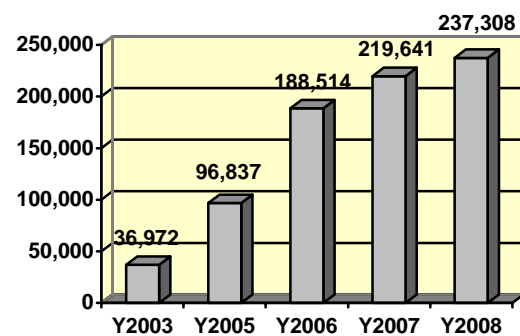
Million Baht

**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), The Avenue Pattaya project Market place Nawamin, and Major Avenue Ratchayothin. 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 62).

### **Financial Status**

#### **Total Assets**

As at 31 December 2008 the Company's total assets stood at Baht 7,184.72 million, an increase of Baht 778.51 million or 12.15% from year 2006 figure. The increment of the Company's total assets resulted from Baht 763.61 million increase in Net Property and equipment as a result of opening of the projects in year 2008, i.e. Market Place Nawamin, Major Avenue Ratchayothin, and under construction project ie. Nawamin City Avenue Project.

For the year 2008, the Company's net profit was Baht 226.42 million decreasing from the year 2007 by 26.42%. Therefore, return on equity (ROE) stood at 11.12% while return on asset (ROA) was 3.33% decrease from last year 16.91% and 5.38% respectively.



### Total Liabilities

As at 31 December 2008, the Company's total liabilities stood at Baht 5,026.72 million, increasing by Baht 534.95 million or 11.91% from year 2007 figure. Such growth was due to 1 project under construction in year 2008, i.e. Nawamin City Avenue Project, which required the Company to increase the amount of Long-term borrowings by Baht 340.05 million. Additionally, the Company's deposits received from customers rose by Baht 69 million from Major Avenue Ratchayothin.

The Company's debt to equity ratio and interest bearing debt to equity ratio equal to the year 2007 figures to 2.33 and 1.35, respectively. 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 2,158.00 million, the growth of Baht 243.56 million or 12.72% from year 2007 figure. Such an increase was a result of the Company's net profit amounted to Baht 226.42 million while dividend for the year 2007 was paid in the amount of Baht 127.95 million. Accordingly, as at 31 December 2008, the Company's retained earnings grew by Baht 98.47 million and Minority interest rose by Baht 115.89 million from the operating results of subsidiary, Ratchayothin Avenue Co., Ltd.

### Operating Performance

In relation to the operating performance for the year ended 31 December 2008, the Company's total revenue amounted to Baht 1,697.34 million, increasing by Baht 107.26 million or 6.75% from figure of the same period of the previous year. Such increase consisted of rental and service income of Baht 1,117.65 million, the increase of Baht 301.00 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 2007, i.e. The Avenue Pattaya and Kao Yai Market Village, together with the projects opened in year 2008 i.e. Market Place Nawamin and Major Avenue Ratchayothin. In year 2008, the Company realized revenue from financial lease contracts in the amount of Baht 510.66 million decreasing by Baht 207.23 million, resulting from the hand-over of long lease space of Major Avenue Ratchayothin. Additionally, the Company realized Finance and interest income in the amount of Baht 38.69 million, the increase of Baht 12.6 million or 48.29% from the same period of the previous year.

The Company's cost of rental and service amounted to Baht 787.28 million, the growth of Baht 133.50 million or 20.42% from the same period of the previous year. Cost of financial lease contracts from Major Avenue Ratchayothin. Accordingly, the Company's earning before interest and tax (EBIT) amounted to Baht 615.20 million, the increase from the same period of the previous year by Baht 59.13 million. Interest expenses was Baht 130.89 million increasing by Baht 32.16 million or 32.57% and Net profit totaling Baht 226.42 million was less than the figure of the same period of the previous year by Baht 81.31 million or 26.42%.



For the year 2008, the current ratio of the Company declined from the previous year to 0.26 as a result of decrease in current assets from finance lease receivables due within one year of Major Avenue Ratchayothin. The average collection period of finance lease was 621.86 days risen from 437.61 days as in the year 2007 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

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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.



shares to the existing shareholders at a proportion of 1:1.5 of existing shares : new shares at a price of Baht 1 per share.

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

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

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>.

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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 .



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+.

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 the year 2008, there are 2 new shopping centers ie.

1. Neighborhood Center named Market Place Nawamin (Sukapiban 1) with Carrefour supermarket as an anchor tenant was opened in March, 2008.
2. Lifestyle Center named Major Avenue Ratchayothin with Villa Supermarket as an anchor tenant was opened in July, 2008.

In summary, as of 31 December 2008, the Company had Gross Leasable Area in amount of 237,308 sq.m. increasing from 2007 by 8%.

## Revenue Structure

2005-2008 Rental and Service Income from anchor tenants and co-tenants of the Company

Tenants	2005		2006		2007		2008	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
1. Anchor Tenants	71.68	30.92%	114.48	34.88%	212.19	40.12%	257.38	35.26%
2. Co-Tenants	160.13	69.08%	213.77	65.12%	316.64	59.88%	472.59	64.74%
<b>Total</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>	<b>729.97</b>	<b>100.00%</b>

Remarks: Anchor Tenants are showed in the Details of the 29 present operating projects (Rental Area and Occupancy Rate)

Table in page 15-16



### Details of the 29 present operating projects (Rental Area and Occupancy Rate)

	Shopping Center	Anchor Tenant	Type of Shopping Center	Gross Leasable Area (Sq.m.)	Occupancy Rate (%)
1	Bangborn	Jusco Supermarket	Neighborhood Center	7,206	88
2	Pracha Utit	Jusco Supermarket	Neighborhood Center	6,174	100
3	Sukaphiban 3	Tops Supermarket	Neighborhood Center	6,725	100
4	Sukhumvit 71	B-Quik	Neighborhood Center	1,418	100
5	Thonglo 4	Tops Supermarket	Neighborhood Center	3,644	100
6	Thungmahamek	Tops Supermarket	Neighborhood Center	2,877	100
7	The Avenue Chaeng Watthana	Major Cineplex, Villa Market, Lemon Farm, California Wow	Lifestyle Center	21,031	98
8	Piyarom Place	Tops Supermarket	Neighborhood Center	7,588	99
9	Cha Choeng Sao	Major Cineplex	Power Center	8,408	99
10	J Avenue (Thonglo 15)	Villa Market	Lifestyle Center	7,765	100
11	Ramintra K.M. 2	B-Quik	Convenience Center	777	100
12	Wanghin	B-Quik	Convenience Center	535	100
13	Ladprao 120	Tesco Lotus Express	Convenience Center	643	100
14	Wanghin 2	Tesco Lotus Express	Convenience Center	988	100
15	Bangkae	B-Quik	Stand-Alone Retail Store	364	100
16	Meng Jai	B-Quik	Stand-Alone Retail Store	465	100
17	Phahonyothin K.M.27	B-Quik	Stand-Alone Retail Store	433	100
18	Ratchda-Hauy Kwang	B-Quik	Stand-Alone Retail Store	314	100
19	Ta Pra	B-Quik	Stand-Alone Retail Store	355	100
20	Sathorn	B-Quik	Stand-Alone Retail Store	314	100
21	Ratchada-Rama III	B-Quik	Stand-Alone Retail Store	343	100
22	Petchkasem Power Center	Big C, Index, HomeWork, Major Cineplex	Power Center	43,735	100
23	Ekkamai Power Center	Big C, Index	Power Center	15,074	100



	Shopping Center	Anchor Tenant	Type of Shopping Center	Gross Leasable Area (Sq.m.)	Occupancy Rate (%)
24	La-Villa (Phahonyothin)	Villa Market	Lifestyle Center	5,330	79
25	Esplanade (Ratchadapisek)	Major Cineplex, Blu-o Bowl, California Wow, Ratchadalai Theatre, Tops Supermarket, Sub-Zero Ice Skate	Urban Entertainment Center	43,241	99
26	The Avenue Pattaya	Major Cineplex, Major Bowl, Villa Market, California Wow	Lifestyle Center	22,403	94
27	Kao-Yai Market Village	Tesco Lotus	Power Center	9,970	99
28	Market Place Nawamin	Carrefour	Neighborhood Center	4,175	92
29	Major Avenue Ratchayothin	Villa Market	Lifestyle Center	15,013	100
	<b>Total</b>			<b>237,308</b>	<b>98</b>

Remarks: As at December 31, 2008.

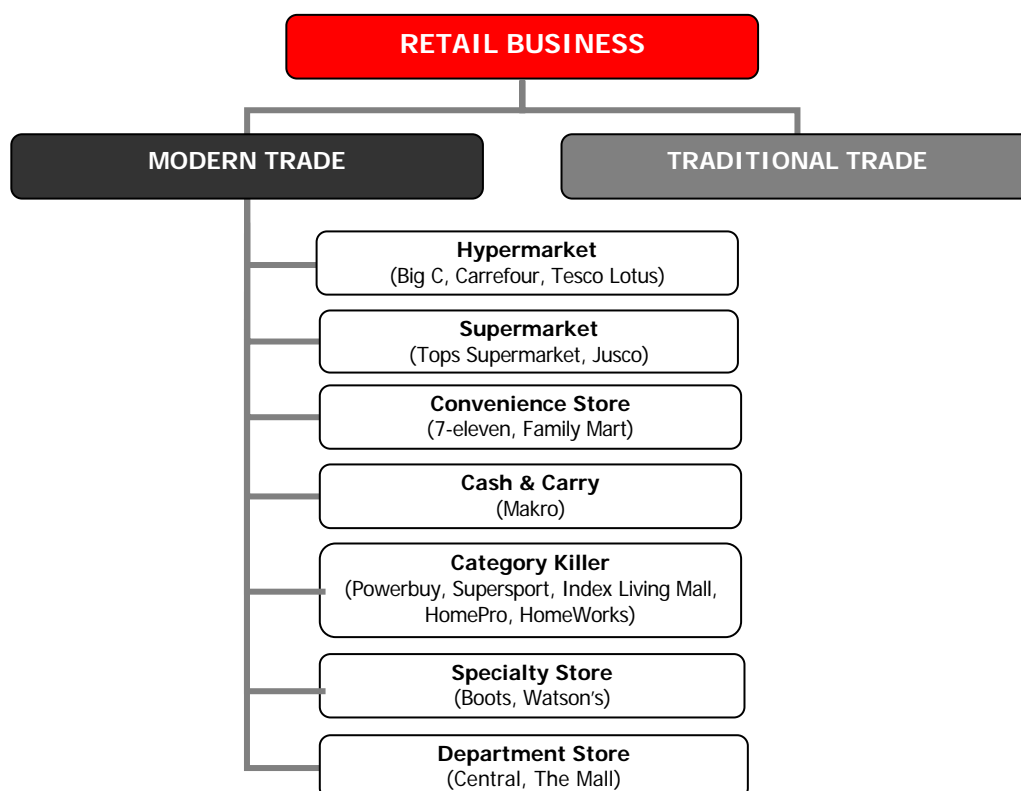
No. 15-21, leasable area are occupied by B-Quik, automotive service workshop, only.

## 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

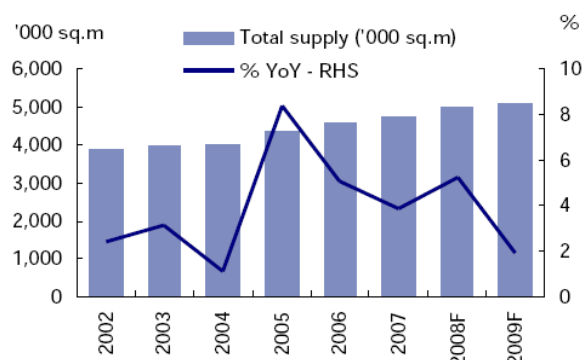


Source: Institute of Thailand retails business

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.



## Retail Property Supply



Source: CBRE

## Overview of Thailand's Retail Business in the Year 2008

### Market Summary in Bangkok Metropolitan Area

- Existing Stock 4.93 sq.m. million
- New Completions in 1H2008 39,691 sq.m.  
(consist of The Compound, Carrefour Suanluang and Chamchuri Square)
- Total new retail supply for 2008 approx. 389,908 sq.m.  
(consist of The Horizon, Eight Thonglor, Bangkok Mediplex, Interchange 21, Market Park Udomsuk, Cyber World, Major Avenue Ekamai, Major Avenue Ratchayothin, Central Chaengwattana และ Sunday Mall)
- Average Vacancy Rate (Overall) 9.6%
  - Central Bangkok 7.1%
  - Bangkok Suburbs 10.7%
- Rental and Capital Values

Prime Retail Indicators*	Jan 2008	Jul 2008	Change (%)
Gross Monthly Rentals (THB per sq.m.)	2,162	2,179	+0.8
Capital Values (THB per sq.m.)	168,855	169,996	+0.7

\*Ground floor space in prime retail centers in Central Bangkok

Source: Jones Lang LaSalle Research

Retail Business overview in the 1<sup>st</sup> quarter of year 2008 had grown well, but slow down in the 2<sup>nd</sup> and 3<sup>rd</sup> quarter of the year due to inflation, fuel price, world economic crisis, and political problems which is the major factor. Such factors have an impact on consumption and investment. Growth in retail business in the year 2008 was 4-5% which less than expectation of 7-8%. Total market value was 140-150 billion baht. As a result of all factors, consumers were conscious in spending. They had high cost of living, but not much increase in income. Accordingly, retail business operators implement various strategies to attract and maintain their customers' base.

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.

### Number of branches of Supermarkets, Discount stores, Specialty stores, and Convenience stores in Thailand from 2004-2008

	2004	2005	2006	2007	2008
<u>Supermarkets</u>					
Tops supermarket	61	91	94	92	105
Jusco and Maxvalu	6	6	6	9	9
Foodland	9	9	9	9	9
Lotus supermarket and Oasis		8	19	28	54
Villa Market	9	9	12	13	16
<b>Total</b>	<b>85</b>	<b>123</b>	<b>140</b>	<b>151</b>	<b>193</b>
<u>Discount stores</u>					
Tesco Lotus	48	67	71	94	109
Carrefour	21	23	23	27	30
Big C	39	45	49	55	66
Makro	25	29	29	41	41
<b>Total</b>	<b>133</b>	<b>164</b>	<b>172</b>	<b>217</b>	<b>246</b>
<u>Specialty stores</u>					
Powerbuy	38	36	69	51	64
HomePro	18	20	26	30	33
HomeWorks	8	9	10	8	8
<b>Total</b>	<b>64</b>	<b>65</b>	<b>105</b>	<b>105</b>	<b>105</b>
<u>Convenience stores</u>					
Boots	74	n.a.	115	153	112
Watson	90	100	130	145	145
7-eleven	2,861	3,095	3,674	4,335	4,769
Family Mart	n.a.	n.a.	n.a.	502	550
V shop	n.a.	n.a.	n.a.	400	792
108 shop					100
Tesco Lotus Express		100	222	189	401
Fresh Mart	150	n.a.	n.a.	300	400

ที่มา : Thailand Retail Food Sector Report 1999-2001, USDA Global Agriculture Information Network (GAIN Report)

: <http://www.tescolotus.net>

: <http://www.tops.co.th>

: <http://www.bigc.co.th>

: <http://www.powerbuy.co.th>

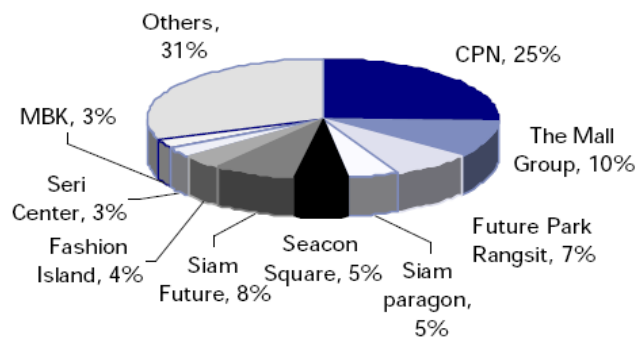
: <http://www.carrefour.co.th>

: <http://www.homepro.co.th>

: <http://th.wikipedia.org/wiki/seven-eleven>

## Industry Competition

**Bangkok's Retail Market Share\***



Note : \* exclude hypermarket)  
Sources : CBRE, Company data, TISCO Research

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

B) Business feasibility study

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.



## **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.

### **New community malls in Bangkok and vicinity 2008**

<b>Developer</b>	<b>Community Mall</b>	<b>Size (sq.m.)</b>	<b>Anchor Tenant</b>	<b>Opened Period</b>
1.CenCar (Carrefour)	Carrefour Suanluang	2,000	Carrefour	May 2008
2.Central Retail Corp (CRC)	Tops Market Udomsuk	7,200	Tops Market	July 2008
3.Tesco Lotus	@ Oasis (Samakee)	2,000	Tesco Lotus	Feb 2008
4.Tesco Lotus	@ Park (Town in Town)	n.a.	Tesco Lotus Express	Oct 2008

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.



## Shopping Center Operators

Name	Existing Shopping center*	Type of shopping center	
		Type	Category
Central	Central: Chidlom, Ladprow, Rama 3, Pin kloan, Bangna, Ramintra, Airport Plaza (Chiang mai), Had yai, Rama 2, Phuket, Central World, Changwattana	Enclosed Mall	Regional Mall
	Pattaya Festival Center	Open-air Mall	Community Mall
	Central Town Center Ratanatibet	Open-air Mall	Community Mall
	Wong sawang	Open-air Mall	Community Mall
The Mall	The Mall: Ramkamhaeng, Ngamwongwan, Tapra, Bangkai, Bangkok, Nakornratchaseema, The Emporium, Siam Paragon	Enclosed Mall	Regional Mall
Sor Sotikun	Seacon square	Enclosed Mall	Super Regional Mall
Wang Lee	Future Park : Bangkai and Rangsit	Enclosed Mall	Super Regional Mall
Asawapokin	Fashion Island	Enclosed Mall	Super Regional Mall
Thanachart	MBK	Enclosed Mall	Super Regional Mall
Osatanukror	Seri Center	Enclosed Mall	Regional Mall
Srivigrom	Kaysorn Plaza	Enclosed Mall	Fashion Mall
Siampiwat	Siam Center and Siam Discovery Center	Enclosed Mall	Fashion Mall

Remark : \* Only shopping center part

**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

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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.



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.

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.

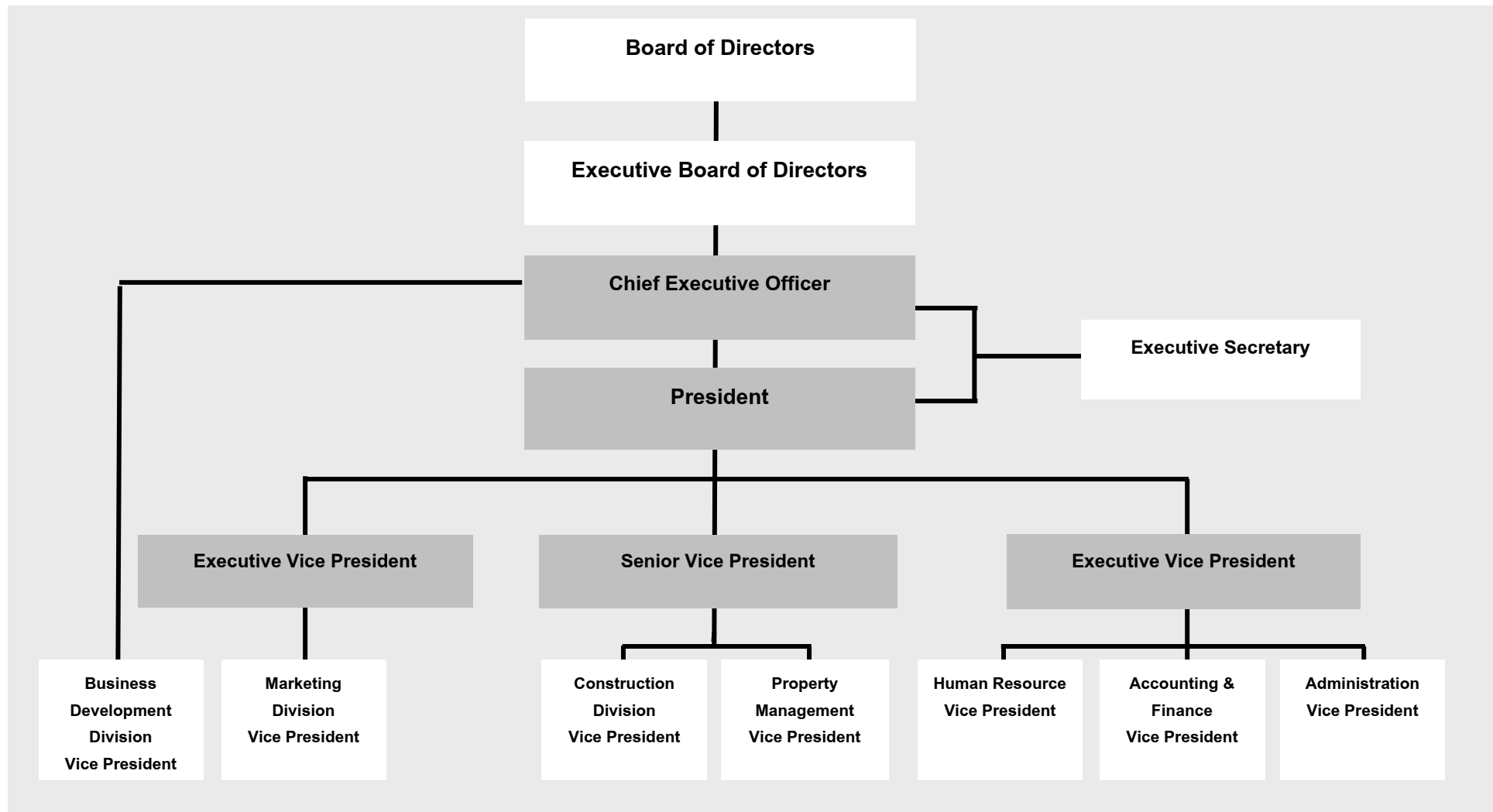
### **Risk of Dependence on Limited Numbers of Experienced Personnel**

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 31 December 2008 are as follows:

	<b>Name of Shareholders <sup>1</sup></b>	<b>Number of Shares</b>	<b>Percentage</b>
1	Major Cineplex Group Public Company Limited <sup>2</sup>	123,659,075	24.10%
2	DEUTSCHE BANK AG, LONDON PRIME BROKERAGE <sup>3</sup>	71,697,800	13.97%
3	SOMERS (U.K.) LIMITED <sup>3</sup>	45,246,800	8.82%
4	Mr. Nopporn Witoonchart	31,705,526	6.18%
5	Mr. Pongkit Suttapong	29,764,675	5.80%
6	Miss Artitaya Jantaraprapa	25,152,870	4.90%
7	WORLD FUND PTE.LIMITED <sup>3</sup>	25,000,000	4.95%
8	Thai NVDR Company Limited <sup>4</sup>	21,508,430	4.19%
9	Mrs. Kasinee Witoonchart	17,219,215	3.36%
10	Mrs. Supan Witoonchart	14,823,809	2.89%
<b>Total</b>		<b>405,778,200</b>	<b>79.08%</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.4 and no.9 are related as aunt and nephew and shareholder no.4 and no.10 are related as mother and son, all shareholders are independent.

2 Major Cineplex Group PLC, company's major shareholder, assigns Mr. Vicha Poolvaraluck, Mr. Verawat Ongvasith and Mr. Chai Jroongtanapibarn as directors of the company.

3 None of director, management, subsidiary of the company or nominee is shareholder of DEUTSCHE BANK AG, LONDON PRIME BROKERAGE, SOMERS (U.K.) LIMITED and WORLD FUND PTE.LIMITED.

4 As of closing registration book at 31 December 2008, 21,508,430 shares (4.19% of paid-up capital) was allocated 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 Committee and Chief Executive Officer
4.	Mr. Somnuk Pojkasemsin	Director and President
5.	Mr. Dej Bulsuk	Director and Independent Director *
6.	Mr. Vicha Poolvaraluck	Director
7.	Mr. Verawat Ongvasith	Director
8.	Mr. Chai Jroongtanapibarn	Director
9.	Ms. Nantiya Montriwat	Chairman of the Audit Committee and Independent Director
10.	Mr. Dusit Nontanakorn	Member of the Audit Committee and Independent Director
11.	Ms. Sabaithip Suntaros	Member of the Audit Committee and Independent Director

\* Mr.Dej Bulsuk is not the nominee of major shareholder.

#### 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 Committee

The Executive Committee 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 *

\* Mr. Chattaphum Khantiviriya is not Company's Directors and Management and not the authorized director of the Company.

### Authority and Responsibility of the Executive Committee

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 Committee 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. Sabaihip 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:

	<b>First Name – Last Name</b>	<b>Position</b>
1.	Mr. Nopporn Witoonchart	Chief Executive Officer
2.	Mr. Somnuk Pojkasemsin	President
3.	Ms. Pornnipa Rujipairote	Executive Vice President
4.	Mr. Chernchai Niyamanusorn	Senior Vice President
5.	Mr. Jiraroj Ruang U-domtrichai	Vice President, Construction Division
6.	Ms. Kanokrat Songsiri	Vice President, Property Management Division
7.	Ms. Sumontha Meksingwee	Vice President, Accounting and Finance Division
8.	Ms. Siripen Soponwattanachai	Vice President, Accounting and Finance Division

### **Board of Directors Meeting**

In 2006 - 2008, the Company set up 7, 5, and 5 Board of Directors Meetings respectively as follows:

<b>Board of Directors</b>	<b>2006 (Totally 7 meetings)</b>	<b>2007 (Totally 5 meetings)</b>	<b>2008 (Totally 5 meetings)</b>
Mr. Oranop Jantaraprapa	7	5	5
Mr. Pongkit Suttapong	7	5	5
Mr. Nopporn Witoonchart	7	4	5
Mr. Somnuk Pojkasemsin	7	5	5
Mr. Vicha Poolvaraluck	7	5	5
Mr. Verawat Ongvasith	6	5	5
Mr. Chai Jroongtanapibarn	6	5	5
Mr. Dej Bulsuk	7	5	5
Ms. Nantiya Montriwat	5	5	5
Mr. Dusit Nontanakorn	6	5	5
Ms. Sabaithip Suntaros	7	5	5



## BOARD OF DIRECTORS

### 1. Mr.Oranop Jantaraprapa • Age 61 years • Shareholding 0.23%

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 48 years • Shareholding 6.81%

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 #9 (Por Por Ror. 9), King Prajadhipok's Institute, year 2005</li><li>• The Joint State-Private Course #19, National Defence College, (Wor Por Or. 2006), 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>• 1989 – 1990: Regional Marketing Manager (South East Asia) Nokia Mobile Phone, Nokia (SEA) PTE. LTD, Singapore Office</li></ul>

### 3. Mr. Nopporn Witoonchart • Age 43 years • Shareholding 6.20%

Position	Director • Chairman of Executive Committee • Chief Executive Officer • Authorized director
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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 51 years • Shareholding 0.16%**

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 Bulsuk • Age 58 years • Shareholding 0.76%**

Position	Director
Education	<ul style="list-style-type: none"><li>• Bachelor degree, Faculty of Commerce &amp; Accountancy, 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: President, CCC Business Development Co., Ltd.</li><li>• 2004 – Present : Audit and Independent Director of The Erawan Group PCL.</li></ul>



- 2002 – Present : Audit and Independent Director of GMM Grammy PCL.
- 2002 – Present : Audit and Independent Director of GMM Media PCL.
- 2002 – Present : Audit and Independent Director of Jay Mart PCL.
- 2001 – Present : Audit and Independent Director of AEON Thana Sinsap (Thailand) PCL.
- 2004 – 2006: Honorary Chairman, McThai Co., Ltd. (McDonald's Thailand), Fast Food
- 1984 – 2004: Founder and President, McThai Co., Ltd. (McDonald's Thailand), Fast Food

**6. Mr. Vicha Poolvaraluck • Age 45 years • Shareholding 0.00%**

Position	Director • Board of Directors
Education	<ul style="list-style-type: none"><li>• MBA – Marketing, United States International University 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 38 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>• 2001 – Present: Director, Executive Director, Major Cineplex Group Plc., Cinema and Bowling</li><li>• 2003 – Present: Director, California WOW Xperience Plc., Fitness Center</li><li>• 2004 – Present: President, Veranda Resort and Spa Co., Ltd., Hotel</li><li>• 1996 – Present: Managing Partner, Vivat Construction Ltd., Part., Construction</li><li>• 1995 – Present: Managing Director, Tarin Hotel Chiangmai, Hotel</li></ul>

**8. Mr. Chai Jroongtanapibarn • Age 54 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></ul>



- 2002 – Present: Independent Director and Chairman of the Audit Committee, Major Cineplex Group Plc., Cinema and Bowling
- 2007 – Present: Independent Director and Audit Committee, Siam Food Plc., Canned fruits
- 2006 – Present: Independent Director and Audit Committee, Oishi Plc., Softdrink & Restaurants
- 2005 – Present: Independent Director and Audit Committee, 124 Communication Plc., Public Relation
- 2004 – Present: Independent Director and Chairman of the Audit Committee, Thai Metal Trade Plc., Steel trading and services
- 2000 – Present: Chairman of the Audit Committee, Team Precision Co.,Ltd., Electronic Circuit
- 1982 – 1997: Executive Director and Chief Financial Officer, The Minor Group, Hotel, Restaurants, Trading & Manufacturing

**9. Mrs. Nantiya Montriwat • Age 61 years • Shareholding 0.38%**

Position	Chairman of the Audit Committee
Education	<ul style="list-style-type: none"><li>• M.A. (Actuarial Science) , University of Manitoba, Canada</li><li>• B.A. (Statistics) , Chulalongkorn University</li><li>• Director Certification Program (DCP) In 2000, 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>• 2008 – Present: Director, Thai Samut Asset Co., Ltd.</li><li>• 2007 – Present: Director, Muang Thai Real Estate Pcl.</li><li>• 2007 - Present: Chairman, Muang Thai Management Co., Ltd.</li><li>• 2004 – 2008: Advisor to the President, Muang Thai Life Assurance Co., Ltd.</li><li>• 2000 – 2003: Director and Senior Executive Vice President, Muang Thai Life Assurance Co., Ltd.</li><li>• 1999 – 2008: Director, Muang Thai Insurance Pcl.</li></ul>

**10. Mr. Dusit Nontanakorn • Age 61 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></ul>



	<ul style="list-style-type: none"> <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>• 1997 – Present: Vice Chairman, The Thai Chamber of Commerce</li> <li>• 1997 – Present: Director, Board of Trade of Thailand</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 61 years • Shareholding 0.03%**

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>

Remark: Shareholding as listed in the shareholders' registration at 31 December 2008.





## Management

### 1. Mr. Nopporn Witoonchart • Age 43 years

Please see the Details in Board of Directors.

### 2. Mr. Somnuk Pojkasemsin • Age 51 years

Please see the Details in Board of Directors.

### 3. Ms. Porntipa Rujipairrote • Age 46 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. 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>

### 5. Mr. Jirarote Rueng-Udomtreechai • Age 53 years

Position	Vice President, Construction Division
Education	<ul style="list-style-type: none"><li>• B.A. (Civil Engineering) Chulalongkorn University</li></ul>
Experience	<ul style="list-style-type: none"><li>• 2004 - Present: Vice President, Construction Division, Siam Future Development Plc., Shopping Center Developer</li></ul>



- 2003 - 2004: Civil Engineering Consultant, South East Asia Technology Co., Ltd., Construction
- 1993 - 2004: Engineer, C.M.S. Engineering and Management Co., Ltd.
- 1989 - 1992: Engineer, Asano Engineering Co., Ltd.

**Ms. Kanokrat Songsiri • Age 42 years**

Position	Vice President, Property Management Division
Education	<ul style="list-style-type: none"><li>• MBA Ramkamhaeng University</li><li>• Bachelor of Economic Ramkamhaeng University</li></ul>
Experience	<ul style="list-style-type: none"><li>• 2004 - Present: Vice President, Property Management Division, Siam Future Development Plc., Shopping Center Developer</li><li>• 1987 - 2004: Assistant Vice President General Administration Division, International Engineering Public Co., Ltd. (IEC), Telecommunication</li></ul>

**7. Ms. Sumontha Meksingwee • Age 40 years**

Position	Vice President, Accounting and Finance Division
Education	<ul style="list-style-type: none"><li>• MBA, Ramkamhaeng 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>• 1996 – Present: Vice President, Accounting and Finance Division, Siam Future Development Plc., Shopping Center Developer</li><li>• 1990 – 1996: Senior Auditor, Deloitte Touche Tomutsu (Thailand) Co.,Ltd., Audit Firm</li></ul>

**8. Ms. Siripen Soponwattanachai • Age 38 years**

Position	Vice President, Accounting and Finance Division
Education	<ul style="list-style-type: none"><li>• MBA, Kasetsart University</li><li>• Bachelor of Accounting, Kasetsart University</li></ul>
Experience	<ul style="list-style-type: none"><li>• 2007 – Present: Vice President, Accounting and Finance Division, Siam Future Development Plc., Shopping Center Developer</li><li>• 1999 - 2007: Vice President, Accounting Division, International Engineering Public Co., Ltd. (IEC), Telecommunication</li><li>• 1993 - 1999: Senior Auditor, PricewaterhouseCoopers ABAS Limited, 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 of the Company is aware of its role, authorities and responsibilities under the code of best practices of the listed company's director to enhance the transparency and trustworthiness of the Company and its operation as well as the sustainable growth. The Company has complied with good corporate governance guideline and established the policy and operation procedure that are consistent with the Company's characteristics as follows:

#### ***Section 1 Shareholders' Rights***

The Company realizes the shareholders' rights and sufficiency and timeliness of information provided for decision making purpose. The disclosure of the Company's news and information are in compliance with the requirement of related authorities. For example, shareholders' meeting invitation was sent to the shareholders together with annual report and supporting information for meeting agendas as well as the opinion of the Board of Directors of the Company prior to the meeting date according to the requirements of related regulations. The disclosure of the information to shareholders is made in accordance with SET requirements. The Company's news is also disclosed via electronic channel of SET. The Company's directors realize the importance of shareholder's meeting and thus attend every shareholders' meeting. In Year 2008, the Company held 1 shareholders' meeting, i.e. Annual General Meeting of Shareholders, where all directors attended and the Chairman of the Meeting provided all shareholders an equal opportunity to raise questions, express opinion and make recommendations. The Company accordingly attended those opinions and recommendations given by shareholders, answered to questions asked and provided information as requested by the shareholders completely. In Year 2008, the Company has not started providing information to support meeting agenda on the Company's website prior to sending the invitation to shareholders. As such, the shareholders could not send their questions prior to the meeting date.

#### ***Section 2 Equitable Treatment of Shareholders***

The Company has allowed the shareholders who cannot attend the meeting in person to exercise their right through such other persons as an Independent Directors of the Company to attend the meeting and vote on their behalves as their proxies. The Company has provided the proxy form which allows the shareholders to indicate their vote in the form. In addition, the shareholders who are the Company's management do not add any agenda to the meeting without prior notification unnecessarily. The Company uses the voting ballot for the voting on such major agendas as connected transaction, acquisition or disposal of assets and allocation of securities to directors and employees (ESOP). This is to enhance transparency and allow subsequent audit in case of dispute.

As the Company has not commenced the disclosure of information for the shareholders' meeting on the Company's website in Year 2008, the minority shareholders of the Company thus could not propose additional agenda prior to



the meeting date nor nominate the person for the Company's directors. The Board of Directors will establish policy to take care of this matter accordingly.

In order to avoid conflict of interest, the Company has established policy and operation procedure regarding the transactions with potential conflict of interest and connected transactions as well as the rules to prevent the Company's executives from using inside information for personal benefit as follows:

- The Board of Directors of the Company has the authority to consider investment or connected transaction. However, the connected directors or directors who might have conflict of interest cannot vote on such matter in the meeting.
- Directors and executives are required to report the changes in their holding of the Company's securities according to SEC and SET requirements.
- Rules are established to prohibit the Company's executives from trading the Company's securities within a period of 1 month prior to the disclosure of the Company's financial statements to public.

In addition, the Company has monitored the usage of inside information which requires its executives and employees to treat information of the Company and its customers on a confidential basis and prohibits the usage of such information made known to them as part of their responsibilities for personal benefit which might cause damage to the Company and its customers.

### ***Section 3 Roles of Stakeholders***

The Company recognizes the rights of all stakeholders, and has in place a policy whereby all stakeholders' rights have been safeguarded and fairly treated. Those policies include equitable treatment to business alliances, appropriate compensation to employees and executives according to their scopes of responsibility and strict compliance with applicable laws. The Company has not set out a written policy on the protection of the environment and society which may have an impact on the business operation of the Company. The Company, however, has emphasized on the environment and ambience in developing the shopping plaza projects by dedicating most of common areas to be the green area filled with plants to create refreshing atmosphere for the customers. Additionally, the Company emphasizes on the living condition of communities in the areas nearby the shopping plaza projects.

### ***Section 4 Disclosure and Transparency***

The Company has a policy pertaining to corporate governance which seriously emphasizes on the equitable treatment to all parties such as shareholders, the Company's stakeholders or related persons by sufficiently and transparently disclosing verifiable information. The Company also has in place a mechanism to assess and control the inevitable risk associated with the operation of the Company, and to have adequate control and internal audit. In



addition, the Company establishes the policy pertaining to operation in compliance with the requirement of laws and common business ethics.

The Company has not established a specific unit to cope with investor relation matter as such activity is still relatively limited. However, it has assigned the appropriate personnel to answer the questions and communicate with investors and analysts from various institutions as deemed appropriate. The Company has constantly and timely disclosed complete and accurate financial and non-financial information via electronic channels, other media of SET as well as the Company's website. The investors can also request additional information of the Company at telephone number 02-660-9464-5 or via <http://www.siamfuture.com>. Presently, most of the information disclosed on the website is in English language and the Company is in the process of preparing such information in Thai language.

The Board of Directors of the Company has responsibility to ensure that the Company's financial statements, including financial information disclosed in the Annual Report, have been prepared according to the generally accepted accounting principles in Thailand based on appropriate accounting policy which are consistently applied with due care consideration, best estimate and adequate disclosure of important information in the notes to financial statements. The Board of Directors has managed to maintain the effective internal audit system to reasonably ensure that the accounting information is accurately and completely recorded in order to maintain the assets and induce reasonable confidence on the reliability of the Company's financial statements.

The policy regarding remuneration of the Company's directors and executives is clear and transparent in which the shareholders will determine the amount of remuneration of the Board of Directors for each year. The Company's Board of Directors has a policy to appropriately determine the amount of directors' remuneration in order to attract and maintain capable directors with the Company.

## ***Section 5 Responsibilities of the Board of Directors***

### **1. Structure of the Board of Directors**

- 1.1 In the Board of Directors, 3 of them are executive directors whilst 4 of them are non-executive directors and 4 are independent directors. The number of independent directors accounts for 36% of the Board of Directors and thus allows the effective balance of power and review of the operation. The remaining Board members are from each group of shareholders proportionately to their investment.
- 1.2 The service term of directors has not been clearly specified.
- 1.3 The Board of Directors has considered the appropriateness of the determination of qualifications of the "Independent Director" in order for the Company's Independent Director to be truly independent and suitable for the unique characteristics of the Company.



- 1.4 The Board of Directors has not yet determined the number of other companies that each of the Company's directors can be appointed as the director that would suit the characteristics or business nature of the Company.
- 1.5 The Board of Directors has not clearly determined the policy and guidelines on taking a position as the directors of other companies of the Chief Executive Officer and top executives of the Company.
- 1.6 The Company's Chairman of the Board of Directors and Chief Executive Officer are not the same person and have different responsibilities. The authority and responsibility of Chairman of the Board of Directors and Chief Executive Officer are clearly defined.
- 1.7 At present, Chairman of the Board of Directors is not an independent director.
- 1.8 In Year 2008, the Company has appointed the Company's secretary whose responsibility are to advise Board of Directors on related law and regulations the Board of Directors should be aware of, administer the activities of the Board of Director and coordinate with concerned parties to implement the Board of Directors' resolutions.

## **2. Committees**

- 2.1 In addition to an Audit Committee which is required by the regulation of SET, the Company also establishes other subcommittees for the purpose of good governance, i.e. Remuneration Committee and Nomination Committee. At present, the Audit Committee of the Company also assumes the role of Remuneration Committee.
- 2.2 For the sake of transparency and independence in the operation, the majority of subcommittee members are independent directors and Chairman of the subcommittees are independent directors.
- 2.3 Chairman of the Board of Directors is not a Chairman or member of the subcommittees to allow true independence in the operation of subcommittees.

## **3. Roles and Responsibilities of the Board of Directors**

- 3.1 The Board of Directors of the Company has participated in approving the Company's vision, mission, strategy, target, business plan and budget of the Company. It also clearly defines the role and responsibility of the Board of Executive Directors and the executives as well as monitors to ensure that the executives follow the predetermined plan and budget effectively and efficiently.
- 3.2 The Board of Directors will set the corporate governance policy in writing and will approve such policy. It will also regularly review the policy and the implementation of such policy once a year at minimum.
- 3.3 According to the Company's mission, the Board of Directors, the executives and employees are required to perform their duties with integrity, fairness and responsibility in order for the operation to be transparent and verifiable.
- 3.4 The Board of Directors has reviewed the conflict of interest matter with due care. The guideline for considering the transaction with potential conflict of interest should be clear and based on the benefit of the Company and shareholders as a whole. The directors with conflict of interest should not be involved in



making decision. The Board of Directors has monitored to ensure that related operation procedures are fully complied with and related information of the transaction with potential conflict of interest is disclosed accurately and adequately.

- 3.5 The Company is aware of the importance of effective internal audit system which will enhance the operation transparency. The effective internal control system also helps improve and thus optimize the effectiveness of operational system. However, the Company is still considered a small business in terms of the number of employees and relatively simple management structure. This is considered one of its competitive advantages that allow the supervision and internal audit to be simply conducted through a review of levels of approval limit, review of document flow and a clear segregation of duty. In addition, the Company monitors the usage of its assets in order to generate the best return while appropriately allows balance of power and cross-checking within the organization.
- 3.6 The Company also has the risk management in place in order to minimize the damage which might be incurred by obtaining opinion from independent financial expert prior to entering into any transaction which might involve the risk, such as registering long-term lease of land with significant contract value comparing to value of total assets of the Company or offering the Company's ordinary shares through private placement.

#### **4. Board of Directors Meeting**

- 4.1 The Company has scheduled the Board of Directors' meeting in advance and informed each Director of such schedule to ensure that they can manage the time to attend the meeting.
- 4.2 Normally, the Board of Directors' meeting is convened every three months with the meeting date scheduled in advance. Additional meeting may be held as necessary. The secretary of the Board of Directors will prepare the document, meeting invitation together with meeting agenda and circulate to the Board members 7 days prior to the meeting date to allow sufficient time for the Board of Directors to study the information before attending the meeting. However, the Company convenes the meeting of Executive Board of Directors on a monthly basis and provides report on operating performance to other members of the Board of Directors every time.
- 4.3 Chairman of the Board of Directors and Chief Executive Officer consider the agenda for Board of Directors' meeting together to ensure that all important matters are included in the agenda. Each director is free to propose the matter to be included in the meeting agenda.
- 4.4 In Year 2008, there were 5 Board of Directors' meeting and each meeting lasted for approximately 2-3 hours. The secretary of the Board of Directors has taken the note and prepared the minutes of each meeting in writing as well as keeping the minutes of the Board of Directors' meeting which have been approved by the Board of Directors for review.
- 4.5 The Board of Directors will support the Chief Executive Officer to invite top executives to attend the Board of Directors' meeting to provide additional information as they are directly involved in the matter and for the Board of Directors to know the top executives better which will be useful in considering succession plan.





- 4.6 The Board of Directors has requested for additional information as necessary within the predetermined scope from Chief Executive Officer or the Company's secretary or other designated executives.
- 4.7 The non-executive directors can hold meeting among themselves, without the management team, as necessary to discuss the management issues of their interest and inform the Chief Executive Officer the outcome of such meetings.

## 5. Board of Directors' Self-Assessment

The Board of Directors has arranged to assess themselves in order for the Board of Directors to jointly consider the performance and issues for further improvement. The benchmark for performance evaluation will be systematically predetermined.

## 6. Remuneration

- 6.1 Remuneration of the Board of Directors is comparable to the industry level taking into account the experience, duty, scope of work, accountability and responsibility as well as the contribution from each Director. Directors who are assigned with additional tasks and responsibilities, such as member of subcommittees, will receive appropriate additional remuneration.
- 6.2 Remuneration of the Chief Executive Officer and top executives is in accordance with the principle and policy fixed by the Board of Directors within the limit approved by the shareholders' meeting. For the best interest of the Company, level of salary, bonus and long-term incentive of each executive should be consistent with the Company's and their performance. The remuneration of the Company's Board of Directors and executives in Year 2008 comprised salary, meeting allowance and provident funds totaling Baht 39.59 million. Details of such are as follows:
1. 11 Board of Directors' members received meeting allowance of Baht 4.22 million in total.
  2. 10 Executive Board of Directors' members and the Company's executives received remuneration of Baht 27.01 million in total.
  3. Other compensations included provident funds of Baht 1.89 million and warrants allocated to directors and executives (ESOP) of Baht 6.47 million.
- 6.3 All non-executive directors or Remuneration Committee will appraise the performance of the Chief Executive Officer annually to set the compensation of the Chief Executive Officer. The criteria of the appraisal, however, will be mutually agreed upon by the Chief Executive Officer. Such criteria will be objective and take into account financial performance, long-term strategy performance and career development plan for executives, etc.



## **7. Board of Directors and Management Training**

- 7.1 The Board of Directors has encouraged and facilitated training on corporate governance of the Company for all internal parties, such as director, Audit Committee, executives and the Company's secretary, by sending them to attend the training course arranged by Thai Institute of Directors (IOD) to enable them to continuously enhance their operation.
- 7.2 In case where the new director is appointed, the management will provide new director with all documents and information useful to perform their jobs as well as providing such new director with introduction on nature of business and business operation guidelines of the Company.
- 7.3 The Board of Directors will establish an objective development and succession plan in writing which will allow the Chief Executive Officer and top executives to prepare their successors in case they cannot perform their duties.

In relation to the development program for executives, the Company has arranged its executives to attend conferences and seminars held by International Council of Shopping Centers (ICSC), an international organization established with an objective to provide knowledge on shopping center, information, news and statistics related to shopping centers and retail business around the world as well as to strengthen the relationship among professionals in shopping center business.



**SIAM FUTURE DEVELOPMENT PUBLIC COMPANY LIMITED**

**CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS**

**31 DECEMBER 2008**



## AUDITOR'S REPORT

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

I have audited the accompanying consolidated and company balance sheets as at 31 December 2008 and 2007, 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 2008 and 2007, 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  
17 February 2009



## Siam Future Development Public Company Limited

## Balance Sheets

As at 31 December 2008 and 2007

		Consolidated		Company	
		2008	2007	2008	2007
	Notes	Baht	Baht	Baht	Baht
Assets					
Current assets					
Cash and cash equivalents	4	43,748,376	39,538,208	6,036,618	24,262,474
Short-term investment	5	57,185,858	92,021,112	57,185,858	92,021,112
Trade accounts receivable, net	6, 26	96,564,429	64,113,222	45,119,893	30,010,800
Finance lease receivables due within one year	7, 26	66,237,388	182,005,705	17,938,993	90,051,487
Amounts due from related parties	26	999,986	-	141,964,027	61,022,798
Loans to subsidiaries	26	-	-	862,871,467	1,099,889,859
Other current assets	8	165,989,363	193,453,768	71,220,952	106,613,808
Total current assets		430,725,400	571,132,015	1,202,337,808	1,503,872,338
Non-current assets					
Restricted cash		2,748,502	2,090,122	-	-
Finance lease receivables	7, 26	841,615,166	674,353,294	266,994,686	200,393,980
Investments in subsidiaries	9	-	-	240,425,000	230,425,000
Intangible assets, net	10	661,765,971	671,202,410	366,962,306	368,500,809
Property, plant and equipment, net	11	5,176,242,732	4,412,631,888	2,352,477,446	1,671,655,845
Deposits for leasehold land		56,338,668	56,539,668	56,338,668	56,539,668
Other non-current assets		15,280,719	18,262,677	14,308,574	14,439,827
Total non-current assets		6,753,991,758	5,835,080,059	3,297,506,680	2,541,955,129
Total assets		7,184,717,158	6,406,212,074	4,499,844,488	4,045,827,467

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

The notes to the consolidated and company financial statements on pages 59 to 82 form an integral part of these financial statements.



**Siam Future Development Public Company Limited**

**Balance Sheets (Cont'd)**

**As at 31 December 2008 and 2007**

		Consolidated		Company	
		2008	2007	2008	2007
	Notes	Baht	Baht	Baht	Baht
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans					
from bank	12	824,604,637	165,000,000	821,936,800	165,000,000
Trade accounts payable		9,677,523	12,283,991	6,300,279	2,637,588
Amounts due to related parties	26	3,493,459	707,229	3,185	-
Loan from related parties	26	48,902,860	22,902,860	5,000,000	16,670,000
Current portion of unearned rental					
and service income	15, 26	82,219,062	123,433,999	64,873,900	54,892,662
Current portion of long-term borrowings	13	389,607,067	538,559,847	357,209,467	329,361,719
Other current liabilities	14	268,492,891	201,077,932	157,413,874	109,459,016
<b>Total current liabilities</b>		<b>1,626,997,499</b>	<b>1,063,965,858</b>	<b>1,412,737,505</b>	<b>678,020,985</b>
<b>Non-current liabilities</b>					
Unearned rental and service income	15, 26	584,488,491	633,720,183	266,992,946	303,829,895
Long-term borrowings	13	1,705,253,688	1,875,863,532	1,245,275,469	1,539,863,532
Deposits received from customers		432,171,466	363,165,861	226,748,913	199,836,283
Deferred tax liabilities	16	353,239,680	263,004,447	93,256,287	98,049,709
Land rental recognised as cost of					
finance lease contracts		324,566,824	292,050,174	107,160,391	69,178,377
<b>Total non-current liabilities</b>		<b>3,399,720,149</b>	<b>3,427,804,197</b>	<b>1,939,434,006</b>	<b>2,210,757,796</b>
<b>Total liabilities</b>		<b>5,026,717,648</b>	<b>4,491,770,055</b>	<b>3,352,171,511</b>	<b>2,888,778,781</b>

The notes to the consolidated and company financial statements on pages 59 to 82 form an integral part of these financial statements.


**Siam Future Development Public Company Limited**
**Balance Sheets (Cont'd)**
**As at 31 December 2008 and 2007**

		<b>Consolidated</b>		<b>Company</b>	
		<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>Notes</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
<b>Liabilities and shareholders' equity (Cont'd)</b>					
<b>Shareholders' equity</b>					
Share capital					
Authorised share capital	17	533,947,769	533,947,769	533,947,769	533,947,769
Issued and paid-up share capital	17	513,147,913	508,941,438	513,147,913	508,941,438
Share premium	17	481,435,982	456,449,520	481,435,982	456,449,520
Retained earnings					
Appropriated - legal reserve	18	51,926,690	39,626,690	51,926,690	39,626,690
Inappropriate		759,477,712	673,308,453	101,162,392	152,031,038
<b>Total parent's shareholders' equity</b>		<b>1,805,988,297</b>	<b>1,678,326,101</b>	<b>1,147,672,977</b>	<b>1,157,048,686</b>
Minority interests		352,011,213	236,115,918	-	-
<b>Total shareholders' equity</b>		<b>2,157,999,510</b>	<b>1,914,442,019</b>	<b>1,147,672,977</b>	<b>1,157,048,686</b>
<b>Total liabilities and shareholders' equity</b>		<b>7,184,717,158</b>	<b>6,406,212,074</b>	<b>4,499,844,488</b>	<b>4,045,827,467</b>

The notes to the consolidated and company financial statements on pages 59 to 82 form an integral part of these financial statements.



**Siam Future Development Public Company Limited**  
**Statements of Income**  
**For the years ended 31 December 2008 and 2007**

		Consolidated		Company	
		2008	2007	2008	2007
	Notes	Baht	Baht	Baht	Baht
Revenues					
Rental and service income		1,117,652,261	816,652,760	619,376,997	446,701,986
Revenue from finance lease contracts		510,661,199	717,889,670	58,882,300	402,233,241
Finance and interest income		38,694,694	26,092,919	90,973,030	92,271,224
Other income		30,331,891	29,447,770	86,677,576	70,916,000
Total revenues		1,697,340,045	1,590,083,119	855,909,903	1,012,122,451
Expenses					
Cost of rental and service		787,276,678	653,777,179	440,648,424	360,990,321
Cost of finance lease contracts		152,205,120	239,092,899	53,119,232	103,772,903
Selling and administrative expenses		142,659,078	141,146,224	129,217,033	104,488,871
Total expenses		1,082,140,876	1,034,016,302	622,984,689	569,252,095
Profit before financial costs and tax	19	615,199,169	556,066,817	232,925,214	442,870,356
Financial costs	20	(130,892,613)	(98,732,237)	(113,105,842)	(92,053,448)
Profit before tax		484,306,556	457,334,580	119,819,372	350,816,908
Income tax	21	(136,987,434)	(139,741,122)	(30,433,450)	(106,248,163)
Net profit for the year		347,319,122	317,593,458	89,385,922	244,568,745
Attributable to:					
Shareholders of the parent		226,423,827	307,727,391	89,385,922	244,568,745
Minority interests		120,895,295	9,866,067	-	-
Net profit for the year		347,319,122	317,593,458	89,385,922	244,568,745
		Baht	Baht	Baht	Baht
Earnings per share for profit attributable to the shareholders of the parent					
Basic earnings per share	22	0.44	0.60	0.17	0.48
Diluted earnings per share		0.44	0.60	0.17	0.48

The notes to the consolidated and company financial statements on pages 59 to 82 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 2008 and 2007**

	Notes	Consolidated					Total Baht
		Issued and paid up share capital Baht	Share premium Baht	Legal reserve Baht	Inappropriate retained earnings Baht	Minority interests Baht	
<b>Opening balance 1 January 2008</b>		508,941,438	456,449,520	39,626,690	673,308,453	236,115,918	1,914,442,019
Issuance of ordinary shares	17	4,206,475	24,986,462	-	-	-	29,192,937
Purchase shares from minority	9	-	-	-	-	(5,000,000)	(5,000,000)
Net profit for the year		-	-	-	226,423,827	120,895,295	347,319,122
Legal reserve appropriation	18	-	-	12,300,000	(12,300,000)	-	-
Dividends paid	23	-	-	-	(127,954,568)	-	(127,954,568)
<b>Closing balance 31 December 2008</b>		<u>513,147,913</u>	<u>481,435,982</u>	<u>51,926,690</u>	<u>759,477,712</u>	<u>352,011,213</u>	<u>2,157,999,510</u>
<b>Opening balance 1 January 2007</b>		508,941,438	456,449,520	19,376,690	563,960,565	176,249,851	1,724,978,064
Net profit for the year		-	-	-	307,727,391	9,866,067	317,593,458
Legal reserve appropriation	18	-	-	20,250,000	(20,250,000)	-	-
Dividends paid	23	-	-	-	(178,129,503)	-	(178,129,503)
Investment in subsidiaries made by minorities		-	-	-	-	50,000,000	50,000,000
<b>Closing balance 31 December 2007</b>		<u>508,941,438</u>	<u>456,449,520</u>	<u>39,626,690</u>	<u>673,308,453</u>	<u>236,115,918</u>	<u>1,914,442,019</u>

The notes to the consolidated and company financial statements on pages 59 to 82 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 2008 and 2007**

			Company			
		Issued and paid up share capital Baht	Share premium Baht	Legal reserve Baht	Inappropriate retained earnings Baht	Total Baht
	Notes					
Opening balance 1 January 2008		508,941,438	456,449,520	39,626,690	152,031,038	1,157,048,686
Issuance of ordinary shares	17	4,206,475	24,986,462	-	-	29,192,937
Net profit for the year		-	-	-	89,385,922	89,385,922
Legal reserve appropriation	18	-	-	12,300,000	(12,300,000)	-
Dividends paid	23	-	-	-	(127,954,568)	(127,954,568)
Closing balance 31 December 2008		513,147,913	481,435,982	51,926,690	101,162,392	1,147,672,977
Opening balance 1 January 2007		508,941,438	456,449,520	19,376,690	105,841,796	1,090,609,444
Net profit for the year		-	-	-	244,568,745	244,568,745
Legal reserve appropriation	18	-	-	20,250,000	(20,250,000)	-
Dividends paid	23	-	-	-	(178,129,503)	(178,129,503)
Closing balance 31 December 2007		508,941,438	456,449,520	39,626,690	152,031,038	1,157,048,686

The notes to the consolidated and company financial statements on pages 59 to 82 form an integral part of these financial statements.



**Siam Future Development Public Company Limited**  
**Statements of Cash Flows**  
**For the years ended 31 December 2008 and 2007**

	Notes	Consolidated		Company	
		2008 Baht	2007 Baht	2008 Baht	2007 Baht
<b>Cash flows from operating activities</b>	24	798,593,980	1,177,541,126	271,509,530	461,325,609
<b>Cash flows from investing activities</b>					
(Increase) decrease in restricted cash		(658,380)	274,878	-	300,000
Cash received from (invested in)					
short-term investment		34,835,254	(92,021,112)	34,835,254	(92,021,112)
Cash invested for acquisition of subsidiary	9	(10,000,000)	-	(10,000,000)	(50,100,000)
Purchases of intangible assets		(27,459,386)	(521,521,968)	(27,459,386)	(2,079,333)
Purchases of property, plant and equipment		(1,059,989,123)	(1,190,377,510)	(800,806,710)	(699,923,624)
Proceeds from disposals of motor vehicles and office equipment		6,068,629	-	1,373,398	-
Loans made to related parties	26	-	-	(96,340,000)	(506,703,000)
Loans repayments from related parties	26	-	-	333,358,392	401,716,972
Net cash payments from investing activities		(1,057,203,006)	(1,803,645,712)	(565,039,052)	(948,810,097)
<b>Cash flows from financing activities</b>					
Increase (decrease) in short-term loans from bank		659,604,637	(607,638,353)	656,936,800	(107,638,353)
Proceeds from loans from related parties	26	41,000,000	30,302,860	10,000,000	21,870,000
Repayments to loans from related parties	26	(15,000,000)	(7,400,000)	(21,670,000)	(5,200,000)
Proceeds from long-terms borrowings	13	156,000,000	1,732,361,000	50,000,000	1,186,768,000
Repayments to long-term borrowings	13	(478,724,181)	(412,613,896)	(321,100,000)	(409,927,872)
Payments for liabilities under financial lease agreement	13	(1,299,631)	(900,382)	(101,503)	(96,384)
Receipt from investment made by minorities in subsidiary		-	50,000,000	-	-
Proceeds from issuance of ordinary shares and share premium	17	29,192,937	-	29,192,937	-
Dividends paid	23	(127,954,568)	(178,129,503)	(127,954,568)	(178,129,503)
Net cash receipts from financing activities		262,819,194	605,981,726	275,303,666	507,645,888
<b>Net increase (decrease) in cash and cash equivalents</b>		4,210,168	(20,122,860)	(18,225,856)	20,161,400
Cash and cash equivalents, beginning balance		39,538,208	59,661,068	24,262,474	4,101,074
Cash and cash equivalents, ending balance		43,748,376	39,538,208	6,036,618	24,262,474

The notes to the consolidated and company financial statements on pages 59 to 82 form an integral part of these financial statements.



**Siam Future Development Public Company Limited**  
**Statements of Cash Flows (Cont'd)**  
**For the years ended 31 December 2008 and 2007**

**Supplementary information for cash flows:**

**Non-cash transactions**

Significant non-cash transactions for the years ended 31 December 2008 and 2007 are as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
Addition to investment in property and equipment not yet paid	18,136,938	1,812,349	12,656,152	63,000
Addition to investment in intangible assets not yet paid	4,628,267	-	4,628,267	-
Property, plant and equipment and intangible assets decreased due to recognition as cost of finance lease contracts	139,501,016	217,878,339	40,153,927	91,753,093

The notes to the consolidated and company financial statements on pages 59 to 82 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 2008 and 2007**

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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 by the Board of Directors on 17 February 2009.

## **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 New accounting standard and amendments to accounting standard

During 2007 and 2008, the Federation of Accounting Profession (“FAP”) has announced new standard and amendments to Thai Accounting Standard (“TAS”) as follows:

Revised standards

TAS 25 Cash Flow Statement

TAS 29 Leases

TAS 31 Inventories

TAS 33 Borrowing Costs

TAS 35 Presentation of Financial Statement

TAS 39 Accounting Policies, Changes in Accounting Estimates and Errors

TAS 41 Interim Financial Reporting

TAS 43 Business Combinations

TAS 49 Construction Contracts

New standard

TAS 51 Intangible Assets

The amendments to accounting standards and the new accounting standard are effective for the period beginning on or after 1 January 2008 except TAS 29 which is effective for the lease contract started on or after 1 January 2008.

Standards that are not yet effective and have not been early adopted by the Group.

TAS 36 Impairment of Assets

TAS 54 Non-current Assets Held for Sale and Discontinued Operations

Those two standards are not expected to have a material impact on the financial statements being presented.

### 2.3 Investments in subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

The excess of the cost of acquisition over the fair value of the Group’s share of the identifiable net assets acquired is recorded as goodwill (See Note 2.9 for the accounting policy on goodwill).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.



## 2 Accounting policies (Cont'd)

### 2.3 Investments in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are reported by using cost method.

A list of the Group's principal subsidiaries is set out in Note 9.

### 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 and bank overdrafts. Bank overdrafts are included in within current liabilities on the balance sheet.

### 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 determine 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, plant and equipment

Property, plant 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, except for land which is considered to have an indefinite life, to its residual value over the estimated useful life as follows:

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

Residual value and the estimated useful life of the assets are revised in every reporting balance sheet date.

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.

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

### **2.7 Property, plant and equipment (Cont'd)**

Gains and losses on disposal are determined by comparing proceeds with carrying amount and are included in operating profit.

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.

### **2.8 Accounting for long-term leases**

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

Leases of property, plant 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. 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.

Assets leased out under operating leases are included in property, 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 identifiable assets of the acquired subsidiary undertaking at the date of acquisition. Goodwill on acquisitions of subsidiaries is reported in the consolidated balance sheet as an intangible asset.

Goodwill is recorded as an asset and amortised by straight-line method over the estimated useful lives 20 years.

Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or group of cash generating units that are expected to benefit from the business combination in which the goodwill arose.



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

### **2.9 Intangible assets (Cont'd)**

#### **Computer software licenses**

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives 10 years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Group and will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include staff costs of the software development team and an appropriate portion of relevant overheads.

Expenditure which enhances or extends the performance computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Computer software development costs are recognised as assets are amortised using the straight line method over their useful lives 10 years.

#### **Leasehold and improvements**

Leasehold and improvements are capitalised and amortised using the straight line method over the estimated useful life, or, if it is shorter, the lease term 15 to 30 years.

### **2.10 Impairment of assets**

Property, plant and equipment and other non-current assets which are 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 recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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

### **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.

### **2.15 Financial instruments**

Financial assets carried on the balance sheet include cash and cash equivalents, short-term investment, 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, amount due to related parties, 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 Critical accounting estimates, assumption and judgements and capital risk management**

### **3.1 Critical accounting estimates, assumption and judgements**

Estimates, assumption and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **a) Impairment of receivable and finance lease receivables**

The Group maintains an allowance for doubtful accounts to reflect impairment of trade receivables and finance lease receivables relating to estimated losses resulting from the inability of customers to make required payments. The allowance for doubtful accounts is significantly impacted by the Group's assessment of future cash flows, such assessment being based on consideration of historical collection experience, known and identified instances of default and consideration of market trends.



### 3 Critical accounting estimates, assumption and judgements and Capital risk management (Cont'd)

#### 3.1 Critical accounting estimates, assumption and judgements (Cont'd)

##### b) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

##### c) Property, plant and equipment and intangible assets

Management determines the estimated useful lives and residual values for the Group's property, plant and equipment and intangible assets. Management will revise the depreciation charge where useful lives and residual values are different to previously estimated, or it will write off or write down technically obsolete or assets that have been abandoned or sold.

#### 3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

### 4 Cash and cash equivalents

	Consolidated		Company	
	2008 Baht'000	2007 Baht'000	2008 Baht'000	2007 Baht'000
Cash	120	120	85	87
Deposits at call with banks	43,628	39,418	5,952	24,175
	<u>43,748</u>	<u>39,538</u>	<u>6,037</u>	<u>24,262</u>

The weighted average interest rate of deposits at call with banks during 2008 is 0.25% per annum (2007: 0.25% per annum).

### 5 Short-term investment

As at 31 December 2008, short-term investment represents investment in unit trusts of open fund amounting to Baht 57 million (2007: Baht 92 million).

**6 Trade accounts receivable, net**

Trade accounts receivable represents 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>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Current	46,097	27,538	21,358	10,227
Overdue 1 to 6 months	41,138	30,495	17,751	16,428
Overdue 7 to 12 months	9,166	4,039	6,011	2,068
Overdue over 12 months	163	2,041	-	1,288
	96,564	64,113	45,120	30,011
<u>Less</u> Provision for doubtful accounts	-	-	-	-
	<u>96,564</u>	<u>64,113</u>	<u>45,120</u>	<u>30,011</u>

**7 Finance lease receivables**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
The gross receivable in the lease contracts				
Due within 1 year	105,083	211,695	29,834	99,715
Due within 2 to 5 years	201,080	147,488	70,212	52,441
Due later than 5 years	1,416,915	1,127,861	406,745	333,359
	<u>1,723,078</u>	<u>1,487,044</u>	<u>506,791</u>	<u>485,515</u>
The present value of minimum lease payments receivable				
Due within 1 year	66,237	182,006	17,939	90,051
Due within 2 to 5 years	38,066	22,847	20,657	11,772
Due later than 5 years	803,550	651,506	246,338	188,622
	907,853	856,359	284,934	290,445
<u>Less</u> Provision for doubtful accounts	-	-	-	-
	<u>907,853</u>	<u>856,359</u>	<u>284,934</u>	<u>290,445</u>
The unearned finance income	<u>815,225</u>	<u>630,685</u>	<u>221,857</u>	<u>195,070</u>

The unearned finance income is calculated basing on the discount rate between 4.15% to 8.00% 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.

**8 Other current assets**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Other accounts receivable	51,827	73,349	22,514	48,285
Withholding tax deducted at sources	64,426	75,373	10,158	31,626
Prepaid expenses	40,492	25,030	33,058	18,979
Others	9,244	19,702	5,491	7,724
	<b>165,989</b>	<b>193,454</b>	<b>71,221</b>	<b>106,614</b>

**9 Investment in subsidiaries**

Movements in investments in subsidiaries are as follows:

	<b>Company</b>	
	<b>2008</b>	<b>2007</b>
	<b>Baht'000</b>	<b>Baht'000</b>
<b>For the year ended 31 December</b>		
Opening book value	230,425	180,325
Additional	10,000	50,100
Closing book value	<b>240,425</b>	<b>230,425</b>

During 2008, the Company has acquired shares of Siam Future Property Company Limited from minority shareholder amounting to Baht 10 million, resulting in the percentage of shareholding held in that subsidiary increases from 90% to 100%. Goodwill arising from this additional acquisition is amounting to Baht 5 million.

Details of investments in subsidiaries as at 31 December 2008 are as follow:

	<b>Nature of relationship</b>	<b>% Ownership interest</b>	<b>Cost method Baht'000</b>
Petchkasem Power Center Company Limited	Shareholder	74	74,740
Ekkamai Lifestyle Center Company Limited	Shareholder	51	60,510
Siam Future Property Company Limited	Shareholder	100	55,075
Ratchayothin Avenue Company Limited	Shareholder	50	50,000
Ratchayothin Avenue Management Company Limited	Subsidiary of Ratchayothin Avenue Company Limited	50	-
Siam Future Management Company Limited	Shareholder	100	100
			<b>240,425</b>

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



# 10 Intangible assets, net

	Consolidated			
	Goodwill Baht'000	Computer software licenses in progress Baht'000	Leasehold and improvement Baht'000	Total Baht'000
<b>At 31 December 2007</b>				
Cost	-	-	855,108	855,108
<u>Less</u> Accumulated amortisation	-	-	(183,906)	(183,906)
Net book value	-	-	671,202	671,202
<b>Year ended 31 December 2008</b>				
Opening net book value	-	-	671,202	671,202
Additions	5,000	21,523	10,565	37,088
Disposals	-	-	(7,607)	(7,607)
Amortisation charge	(62)	-	(38,855)	(38,917)
Closing net book value	4,938	21,523	635,305	611,766
<b>At 31 December 2008</b>				
Cost	5,000	21,523	858,066	884,589
<u>Less</u> Accumulated amortisation	(62)	-	(222,761)	(222,823)
Net book value	4,938	21,523	635,305	661,766
	Company			
		Computer software licenses in progress Baht'000	Leasehold and improvement Baht'000	Total Baht'000
<b>At 31 December 2007</b>				
Cost	-	-	527,813	527,813
<u>Less</u> Accumulated amortisation	-	-	(159,312)	(159,312)
Net book value	-	-	368,501	368,501
<b>Year ended 31 December 2008</b>				
Opening net book value	-	-	368,501	368,501
Additions	21,523	21,523	10,565	32,088
Disposals	-	-	(7,607)	(7,607)
Amortisation charge	-	-	(26,020)	(26,020)
Closing net book value	21,523	21,523	345,439	366,962
<b>At 31 December 2008</b>				
Cost	21,523	21,523	530,770	552,293
<u>Less</u> Accumulated amortisation	-	-	(185,331)	(185,331)
Net book value	21,523	21,523	345,439	366,962

Intangible assets with the net book value of Baht 204 million have been pledged as collateral for borrowings (Note 12 and Note 13).

Disposals during 2008, include Baht 8 million of assets sold under finance lease contracts (where the Group is the lessor).



# 11 Property, plant and equipment, net

	Consolidated				Total Baht'000
	Land Baht'000	Building and improvement Baht'000	Motor vehicles and office equipment and computer Baht'000	Construction in progress and project under development Baht'000	
<b>At 31 December 2007</b>					
Cost	517,964	3,798,568	89,890	438,855	4,845,277
<u>Less</u> Accumulated depreciation	-	(392,531)	(40,114)	-	(432,645)
Net book value	517,964	3,406,037	49,776	438,855	4,412,632
<b>Year ended 31 December 2008</b>					
Opening net book value	517,964	3,406,037	49,776	438,855	4,412,632
Additions	88	115,247	19,764	969,788	1,104,887
Disposals, net	-	(104,139)	(3,763)	(31,193)	(139,095)
Transferred in (out)	64,048	542,347	-	(607,397)	(1,002)
Depreciation charge	-	(185,736)	(15,443)	-	(201,179)
Closing net book value	582,100	3,773,756	50,334	770,053	5,176,243
<b>At 31 December 2008</b>					
Cost	582,100	4,351,944	102,103	770,053	5,806,200
<u>Less</u> Accumulated depreciation	-	(578,188)	(51,769)	-	(629,957)
Net book value	582,100	3,773,756	50,334	770,053	5,176,243

During 2008, the borrowing cost of Baht 29 million (2007: Baht 41 million) arising from financing for the project under development has been capitalised. The interest rate of 5% which is the weighted average cost of loans is applied for the capitalisation (2007: 6%).

	Company				Total Baht'000
	Land Baht'000	Building and improvement Baht'000	Motor vehicles and office equipment and computer Baht'000	Construction in progress and project under development Baht'000	
<b>At 31 December 2007</b>					
Cost	-	1,740,234	67,899	183,507	1,991,640
<u>Less</u> Accumulated depreciation	-	(285,796)	(34,188)	-	(319,984)
Net book value	-	1,454,438	33,711	183,507	1,671,656
<b>Year ended 31 December 2008</b>					
Opening net book value	-	1,454,438	33,711	183,507	1,671,656
Additions	-	43,842	9,080	772,195	825,117
Disposals, net	-	(33,098)	(723)	-	(33,821)
Transferred in (out)	64,048	121,487	-	(185,535)	-
Depreciation charge	-	(100,341)	(10,134)	-	(110,475)
Closing net book value	64,048	1,486,328	31,934	770,167	2,352,477
<b>At 31 December 2008</b>					
Cost	64,048	1,872,466	73,334	770,167	2,780,015
<u>Less</u> Accumulated depreciation	-	(386,138)	(41,400)	-	(427,538)
Net book value	64,048	1,486,328	31,934	770,167	2,352,477

**11 Property, plant and equipment, net (Cont'd)**

During 2008, the borrowing cost of Baht 12 million (2007: Baht 21 million) arisen from financing for project under development has been capitalised.

Properties with the net book value of Baht 1,858 million have been pledged as collateral for borrowings (Note 13).

During 2008, the disposals in the consolidation and the Company include Baht 132 million and Baht 33 million respectively of assets sold under finance lease contracts (where the Group is the lessor).

**12 Bank overdrafts and short-term loans from banks**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Bank overdrafts	54,605	-	51,937	-
Loans from banks	770,000	165,000	770,000	165,000
	<u>824,605</u>	<u>165,000</u>	<u>821,937</u>	<u>165,000</u>

Certain loans from a bank have been guaranteed by pledge of leasehold rights as collateral.

**13 Borrowings**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
<b>Current portion of long-term borrowings</b>				
Financial lease liabilities	70	1,370	70	172
Bank borrowings	143,998	290,500	111,600	82,500
Debentures	245,539	246,690	245,539	246,690
	<u>389,607</u>	<u>538,560</u>	<u>357,209</u>	<u>329,362</u>
<b>Long-term borrowings</b>				
Bank borrowings	642,279	568,500	182,300	232,500
Debentures	1,062,975	1,307,363	1,062,975	1,307,363
	<u>1,705,254</u>	<u>1,875,863</u>	<u>1,245,275</u>	<u>1,539,863</u>
<b>Total long-term borrowings</b>	<u>2,094,861</u>	<u>2,414,423</u>	<u>1,602,484</u>	<u>1,869,225</u>

**Bank borrowings**

Long-term bank borrowings which bear interest rate at MLR minus 0.50% and 0.75% 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.



**13 Borrowings (Cont'd)****Debentures**

In 2005, the Company issued 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.

During 2007, the Company 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 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, with 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 2008**

	<b>Consolidated</b>	<b>Company</b>
	<b>Baht'000</b>	<b>Baht'000</b>
Opening amount	2,414,423	1,869,225
Additional	156,000	50,000
Repayment of borrowings	(480,023)	(321,202)
Amortisation of debenture issuance cost	4,461	4,461
Closing amount	<u>2,094,861</u>	<u>1,602,484</u>

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Total borrowings:				
- at fixed rates	1,308,584	1,555,423	1,308,584	1,554,225
- at floating rates	786,277	859,000	293,900	315,000
	<u>2,094,861</u>	<u>2,414,423</u>	<u>1,602,484</u>	<u>1,869,225</u>
	<b>Consolidated</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>

Weighted average effective interest rates:

All borrowings:	5.62	5.36	5.29	5.29
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**13 Borrowings (Cont'd)****Debentures (Cont'd)**

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

	<b>Consolidated</b>			
	<b>Carrying amount</b>		<b>Fair value</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Total borrowings:	2,094,861	2,414,423	1,975,275	2,097,391

	<b>Company</b>			
	<b>Carrying amount</b>		<b>Fair value</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Total borrowings:	1,602,484	1,869,225	1,557,107	1,663,818

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.

Maturity of long-term borrowings:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Within 1 year	389,607	538,560	357,209	329,362
Later than 1 year and not later than 2 years	1,191,973	364,289	1,159,575	336,689
Later than 2 years and not later than 5 years	197,293	1,288,074	85,700	1,195,674
Later than 5 years	315,988	223,500	-	7,500
	<u>2,094,861</u>	<u>2,414,423</u>	<u>1,602,484</u>	<u>1,869,225</u>

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Unused credit lines				
Floating rate	-	106	-	-

**14 Other current liabilities**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Accrued expenses	111,143	70,573	76,429	43,189
Retention payable	33,436	52,309	16,403	27,865
Accrued interest expense	26,081	22,961	25,919	22,962
Others	97,833	55,235	38,663	15,443
	<u>268,493</u>	<u>201,078</u>	<u>157,414</u>	<u>109,459</u>

**15 Unearned rental and service income**

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Within 1 year	82,219	123,434	64,874	54,893
Within 2 years and not later than 5 years	180,335	182,692	123,172	126,633
Later than 5 years	404,153	451,028	143,821	177,197
	<u>666,707</u>	<u>757,154</u>	<u>331,867</u>	<u>358,723</u>

**16 Deferred income taxes**

The movements of the deferred income tax account are as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Opening balance of deferred tax liabilities	(263,004)	(147,922)	(98,049)	(10,429)
Statement of income charges (Note 21)	(90,236)	(115,082)	4,793	(87,620)
Closing balance of deferred tax liabilities	<u>(353,240)</u>	<u>(263,004)</u>	<u>(93,256)</u>	<u>(98,049)</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>Deferred tax assets</b>	<b>Consolidated</b>			
	<b>Deposit received from customers Baht'000</b>	<b>Unearned service income Baht'000</b>	<b>Accumulated deficit Baht'000</b>	<b>Total Baht'000</b>
Opening balance 1 January 2008	6,488	10,087	14,856	31,431
Charges to net profit	3,323	2,814	(14,332)	(8,195)
Closing balance 31 December 2008	<u>9,811</u>	<u>12,901</u>	<u>524</u>	<u>23,236</u>

<b>Deferred tax liabilities</b>	<b>Consolidated</b>	
	<b>Profit from finance lease contracts Baht'000</b>	<b>Total Baht'000</b>
Opening balance 1 January 2008	294,435	294,435
Credit to net profit	82,041	82,041
Closing balance 31 December 2008	<u>376,476</u>	<u>376,476</u>

**16 Deferred income taxes (Cont'd)**

<b>Deferred tax assets</b>	<b>Company</b>		
	<b>Deposit received from customers Baht'000</b>	<b>Unearned service income Baht'000</b>	<b>Total Baht'000</b>
Opening balance 1 January 2008	2,577	3,398	5,975
Charges to net profit	452	579	1,031
Closing balance 31 December 2008	3,029	3,977	7,006

<b>Deferred tax liabilities</b>	<b>Company</b>	
	<b>Profit from finance lease contracts Baht'000</b>	<b>Total Baht'000</b>
Opening balance 1 January 2008	104,024	104,024
Credit to net profit	(3,762)	(3,762)
Closing balance 31 December 2008	100,262	100,262

Deferred income tax assets and liabilities are offset when the income taxes are related to the same fiscal authority being the Revenue Department. The following amounts, determining after appropriate offsetting, are shown in the consolidated and the Company balance sheets as at 31 December 2008 and 2007:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2008 Baht'000</b>	<b>2007 Baht'000</b>	<b>2008 Baht'000</b>	<b>2007 Baht'000</b>
Deferred tax assets	23,236	31,431	7,006	5,975
Deferred tax liabilities	(376,476)	(294,435)	(100,262)	(104,024)
Total deferred tax liabilities	(353,240)	(263,004)	(93,256)	(98,049)

The amount shown in the balance sheet as at 31 December 2008 and 2007 include the following:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2008 Baht'000</b>	<b>2007 Baht'000</b>	<b>2008 Baht'000</b>	<b>2007 Baht'000</b>
Deferred tax assets to be recovered after 12 months	23,236	31,431	7,006	5,975
Deferred tax liabilities to be payable after 12 months	376,476	294,435	100,262	104,024

**17 Share capital and share premium**

	Number of ordinary share share	Ordinary share capital Baht'000	Share premium Baht'000	Total Baht'000
<b>Authorised share capital</b>				
At 31 December 2008	533,947,769	513,148	481,436	994,584
<b>Issue and paid-up share capital</b>				
At 31 December 2006	533,947,769	508,941	456,450	965,391
Issue of shares	-	-	-	-
At 31 December 2007	533,947,769	508,941	456,450	965,391
Issue of shares	-	4,207	24,986	29,193
At 31 December 2008	533,947,769	513,148	481,436	994,584

As at 31 December 2008, the total authorised number of ordinary shares is 534 million shares (2007: 534 million shares) with a par value of Baht 1 per share (2007: Baht 1 per share).

**Warrants**

The Company issued the warrants to directors and employees of the Company on 17 January 2007, totalling 15,000,000 units with the exercise period of 5 years. The conversion right is one warrant unit per one ordinary share at the current exercise price of Baht 6.94.

During 2008, there are 6 million units of warrants due for exercise and there are exercised warrants of 4,206,475 units.

**18 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 passes a resolution to approve the reserve.

**19 Profit before financial costs and tax**

The following expenditures, classified by nature, have been charged in arriving at profit before financial costs and tax:

	Consolidated		Company	
	2008 Baht'000	2007 Baht'000	2008 Baht'000	2007 Baht'000
Amortisation on intangible assets (Note 10)	38,917	37,727	26,020	24,563
Depreciation on property and equipment (Note 11)	201,179	171,630	110,475	92,046
Staff costs	65,720	59,575	63,868	56,374

**20 Financial costs**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Interest expenses				
- Debentures	67,142	53,112	67,142	53,112
- Long-term borrowings bank	42,174	23,439	25,346	17,100
- Bank overdrafts	717	806	639	735
- Promissory notes	15,522	18,624	15,522	18,624
- Debenture issuance cost	4,272	2,258	4,272	2,258
- Loan from related parties	1,066	493	185	224
Total financial costs	<u>130,893</u>	<u>98,732</u>	<u>113,106</u>	<u>92,053</u>

**21 Income tax**

Income taxes in the consolidated and company statements of income can be analysed as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Current tax charge	46,751	24,659	35,226	18,628
Deferred tax (Note 16)	90,236	115,082	(4,793)	87,620
Income tax	<u>136,987</u>	<u>139,741</u>	<u>30,433</u>	<u>106,248</u>

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Profit before income tax	484,307	457,335	119,819	350,817
Tax calculated at a tax rate between 25% to 30% for the Company and 15% to 30% for subsidiaries	134,990	137,606	28,594	105,245
Expenses not deductible for tax purposes	1,997	2,135	1,839	1,003
Income tax	<u>136,987</u>	<u>139,741</u>	<u>30,433</u>	<u>106,248</u>

**22 Earnings per share**

Basic earnings per share is calculated by dividing the net profit for the year attributable to equity holders of the parent by the weighted average number of paid-up ordinary shares in issue during the year.

For the purpose of calculating diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Company has warrants issued to the directors and employees (Note 17) for subscription of ordinary shares.

**22 Earnings per share (Cont'd)**

A calculation is done to determine the number of shares that could have been acquired at market price (determined as the average annual share price of the Company's ordinary shares) based on the outstanding warrants, and the potential shares are added to the ordinary shares outstanding but no adjustment is made to net profit.

	<b>Consolidated</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Net profit attributable to equity holders of the parent (Baht'000)	226,424	307,727	89,386	244,569
Weighted average number of paid-up ordinary shares in issue ('000 shares)	512,268	508,941	512,268	508,941
Basic earnings per share (Baht)	0.44	0.60	0.17	0.48
Effect of dilutive potential ordinary shares ('000 shares)	2,281	-	2,281	-
Weighted average number of ordinary shares for diluted earnings per share ('000 shares)	514,549	508,941	514,549	508,941
Diluted earnings per share (Baht)	0.44	0.60	0.17	0.48

**23 Dividends**

At the Annual General Meeting held on 24 March 2008, the shareholders approved the payment of a dividend in respect of 2007 of Baht 0.25 per share, totaling Baht 127.95 million (2007: Baht 0.35 per share, totaling Baht 178.13 million). The Company paid the dividends on 24 April 2008.

**24 Cash flows from operating activities**

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

	Notes	Consolidated		Company	
		2008 Baht'000	2007 Baht'000	2008 Baht'000	2007 Baht'000
Net profit before income tax for the year		484,306,556	457,334,580	119,819,372	350,816,908
Adjustments for:					
Depreciation and amortisation	10, 11	240,096,240	209,357,510	136,495,267	116,609,004
Amortisation of prepayments		362,375	362,375	362,375	362,375
Interest income		(1,628,074)	(3,876,221)	(78,593,019)	(88,764,935)
Interest expense		130,892,613	98,732,237	113,105,842	92,053,448
Amortisation of debenture issuance cost	13	4,461,188	1,935,993	4,461,188	1,935,993
Realised unearned rental and service income		(53,424,893)	(47,827,936)	(39,134,063)	(33,813,119)
Loss (gain) on disposals of motor vehicles and office equipment		505,535	-	(100,394)	-
Changes in operating assets and liabilities:					
- trade accounts receivable		(32,451,207)	(4,615,838)	(15,109,093)	1,610,465
- finance lease receivable		88,007,461	250,468,630	45,665,715	(144,117,190)
- amount due from related parties		(999,986)	-	(78,988,542)	(48,958,077)
- other current assets		8,231,923	32,429,204	20,724,226	22,641,553
- other non-current assets		3,182,958	3,726,692	332,253	(191,517)
- trade accounts payable		(2,606,468)	9,520,881	3,662,691	757,438
- amounts due to related parties		2,460,000	707,229	3,185	-
- other current liabilities		40,828,593	39,293,790	15,142,967	(866,239)
- unearned rental and service income		(37,021,736)	281,166,013	12,278,352	87,917,357
- deposit received from customers		69,005,605	(55,081,774)	26,912,630	49,051,047
- land rental recognised as cost of finance lease contracts		32,516,650	93,329,918	37,982,014	48,118,693
Net cash receipts from operating activities		976,725,333	1,366,963,283	325,022,966	455,163,204
- interest received		1,628,074	3,876,221	76,640,332	133,589,065
- interest paid		(157,842,047)	(129,271,193)	(123,684,051)	(100,300,040)
- cash redeemable from Revenue Department		26,797,573	-	16,127,305	-
- income tax paid		(48,714,953)	(64,027,185)	(22,597,022)	(27,126,620)
Cash flows from operating activities		798,593,980	1,177,541,126	271,509,530	461,325,609





## 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 receivable, amounts due from related parties, loans to subsidiaries, bank overdrafts and short-term loans from financial institutions, trade accounts payable, other accounts payable. Information on the fair values of finance lease receivables and borrowings are included in Note 7 and Note 13, 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 24.10% of the Company's share (31 December 2007: 21.25%). Therefore, all subsidiaries and associates of Major Cineplex Group Public Company Limited are related parties.

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

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	
	2008 Baht'000	2007 Baht'000	2008 Baht'000	2007 Baht'000
<b>Rental and service income</b>				
Group Major Cineplex Group				
Public Company Limited	168,412	110,484	96,275	62,821
<b>Revenue from finance lease contracts</b>				
Related parties	51,902	91,225	-	-
<b>Management fee income</b>				
Subsidiaries	-	-	47,430	46,522
<b>Interest income</b>				
Subsidiaries	-	-	77,406	85,218

Rental and service incomes were carried out on normal commercial terms and conditions and at market prices which are subject to location, leases pace, leases 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 between 6.875% to 7.75% per annum (2007: 7.75% per annum).

**b) Trade accounts receivable**

	Consolidated		Company	
	2008 Baht'000	2007 Baht'000	2008 Baht'000	2007 Baht'000
Related parties	33,490	11,015	19,663	7,811

**c) Finance lease receivables**

	Consolidated	
	2008 Baht'000	2007 Baht'000
Related parties	356,815	301,624

**d) Amounts due from related parties**

	Consolidated		Company	
	2008 Baht'000	2007 Baht'000	2008 Baht'000	2007 Baht'000
Major Cineplex Group				
Public Company Limited	1,000	-	-	-
Subsidiaries	-	-	141,964	61,023
	1,000	-	141,964	61,023

**26 Related party transactions (Cont'd)****e) Loans to subsidiaries**

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

	<b>Company</b>	
	<b>2008</b>	<b>2007</b>
	<b>Baht'000</b>	<b>Baht'000</b>
Beginning balance	1,099,890	994,904
Loans made during the year	96,340	506,703
Loans repayments during the year	(333,359)	(401,717)
Ending balance	<u>862,871</u>	<u>1,099,890</u>

Loans to subsidiaries represent short-term loans repayable upon demand. The loans bear interest at the rates between 6.875% to 7.75% per annum (2007: 7.75% per annum).

**f) Amount due to related parties**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>
Major Cineplex Group Public Company Limited	3,493	707	-	-
Subsidiaries	-	-	3	-
	<u>3,493</u>	<u>707</u>	<u>3</u>	<u>-</u>

**g) Loans from related parties**

Movement of loans from related parties during the year are as follows:

	<b>Consolidated</b>	<b>Company</b>
	<b>2008</b>	<b>2008</b>
	<b>Baht'000</b>	<b>Baht'000</b>
Beginning balance	22,903	16,670
Loans received during the year	41,000	10,000
Loans repaid during the year	(15,000)	(21,670)
Ending balance	<u>48,903</u>	<u>5,000</u>

Loans from related parties represent short-term loans which are unsecured, denominated in Thai Baht, and are repayable on demand. The loans bear interest at the rates between 6.875% to 7.75% per annum (2007: 7.75% per annum).

**h) Unearned rental and service income**

As at 31 December of 2008, the unearned rental and service income of a subsidiary includes unearned income received from Major Cineplex Group Public Company Limited amounting to Baht 138 million (2007: Baht 144 million).

**i) Directors and management remuneration**

In 2008, 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 33 million (2007: Baht 26 million).

**27 Commitments and contingencies****Capital commitments**

Capital expenditures contracted for at the balance sheet date which have not yet been recognised in the financial statements are as follows:

	<b>Consolidated</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>
Projects under development	207	239	182	81

**Operating lease commitments - the Group is the lessee**

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

	<b>Consolidated</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>	<b>Million Baht</b>
Within 1 year	120	108	92	82
Within 2 years and not later than 5 years	504	465	384	346
Later than 5 years	2,242	2,032	1,304	1,064
	<u>2,866</u>	<u>2,605</u>	<u>1,780</u>	<u>1,492</u>

**Bank guarantees**

As at 31 December 2008, the Group has outstanding letters of guarantee amounting to Baht 211 million (31 December 2007: Baht 186 million) issued by the Group's bankers in respect of normal business operations.

**Guarantee**

As at 31 December 2008, the Company has guaranteed for bank loans granted to a subsidiary for a total of Baht 332 million (31 December 2007: Baht 332 million).

**28 Segment information**

The Group operates in only one business segment which is the development of shopping centers and lease out space in the centers. Additionally, currently, the business is only operated in Thailand. Therefore presentation of segment information is not necessary



SIAM FUTURE DEVELOPMENT PUBLIC COMPANY LIMITED

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