



SIAM FUTURE DEVELOPMENT PUBLIC CO., LTD.

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Message from the Board of Directors

At the end of 2013 political demonstration situation arose and continues at present. Such situation affects investment, commerce and economic condition in every sector of the country. However, all in all the Company is not significantly affected. For The Esplanade Project, the Company has adjusted the plan to cope with more intense competition, including the preparation for additional customers from AIA after its building is completed around mid-2014. This building is situated next to The Esplanade Project. The Company's projects continue to be in form of Art entertainment. This year the Company's new tenant will be Art in Paradise, a famous 3D painting museum from South Korea with a highlight that an audience can take pictures with virtual art and become part on such paintings. It will open only one museum in Bangkok. Also this year, WE Fitness Society is the Company's new business partner replacing California Wow rental space to provide complete fitness center services. Moreover, the Company has renovated and add such restaurants as Kelly by Audrey, Subway, Sukiya, Morgen and Hong Kong Kitchen, etc. to serve office workers which tend to increase in the future.

Mega Bangna Project was not affected by political demonstration this year. It even continually became more popular from customers as a result of a change in lifestyle behavior of the urbanites who like to use services of suburb shopping center as it provides more comprehensive projects. Therefore, in 2013 Mega Bangna Project earned net profit of THB 118 million from normal operation, an increase by 188% from 2012's net profit from normal operation of THB 41 million. (According to 49% shareholding by the company)

On an opening of a new company named "North Bangkok Development Co., Ltd.", a joint venture with IKEA, a world's leading furniture company from Sweden, the Company, on 22 October 2013, made an announcement to the SET on an acquisition of a 250-rai land in Rangsit-NakornNayok area by the new joint venture company to be developed into a new shopping center with the size similar to that of Mega Bangna Project. Such project will bring in revenue to the Company in a long run.

There were 29 projects at present. As at 31 December 2013, the Company's total rental space 409,600sq.m. (Included 180,000 sq.m. of Mega Bangna Project). The Company continued to renovate its existing projects with a main focus on long-term confidence of shops and customers.

The Company's total revenues stood at THB 1,658 million while net profit declined by 63% or THB 889 million from that last year to THB 512 million. This was due to its realization of Mega Bangna Project fair value of THB 995 million in the 1st quarter of 2012 compared to THB 174 million recorded as fair value of Mega Bangna Project in 2013.

Accordingly, the development of new projects will be carefully considered to ensure the benefit will worth the investment, thereby incurring positive profit and sustainable return to the shareholders in a long run. The Board of Directors continues to act upon the principles of good corporate governance, professional management with ethical and governance transparency of business operation for the benefit of all stakeholders. The Company, therefore, emphasizes on continuous improvement of the existing projects to



maintain the existing customer base which will allow the Company to continue to stably and continually develop its shopping centers.

Lastly, accomplishment the Company has made is the result of dedication, commitment and cooperation to perform the duties at their best capability from all groups of business alliances of the Company. The Board of Directors would like to convey a sincere appreciation to supporters, shareholders, customers, financial institutions, financial advisors and all employees for their continuous trust and support in the past and going forward.

(Mr. Oranop Jantaraprapa)

Chairman



Audit Committee Report

Dear Shareholders of Siam Future Development PLC

The Audit Committee of Siam Future Development Public Company Limited consists of three qualified independent directors. Mrs. Nantiya Montriwat, a knowledgeable person with experiences sufficient to review the creditability of the financial statements, is the Chairman of the Audit Committee. Mrs. Sabaithip Soontaros and Mr. Dej Bulsuk are members of the Audit Committee.

In 2013 there were five meetings of the Audit Committee, all of which being participated by all members of the Audit Committee. In the meeting, the Audit Committee discussed with the management, auditor and internal auditor, and provided their opinion as well as advice independently in the way it should be. The Audit Committee reported the operating results in four meetings of the Board of Directors, main points and opinions of which as follows:

Accuracy, completeness and creditability of the financial reports: The Audit Committee has reviewed quarterly financial statements, annual financial statements, material accounting policy and material financial reports. From the scopes of audit plan, audit methods and issued found, together with the management and the auditor, the Audit Committee is of the opinion that the Company's financial reports were prepared in conformity with generally accepted accounting principles, accurate, complete and creditable. The adoption of the accounting policy is reasonable.

Sufficiency of the internal control system and internal audit: The Audit Committee has reviewed the reports of the Internal Audit Department and the auditor regarding the evaluation of internal control system as well as the operation of the management according to the suggestion in such reports. The Audit Committee is of the opinion that the Company's internal control system is sufficient and suitable. The Audit Committee has reviewed the annual risk-based internal audit plan, results from the implementation of such plan and the evaluation of the Internal Audit Department's operation. It also has constantly discussed with the Head of the Internal Audit Department without the management. The Audit Committee, therefore, is of the opinion that the internal audit is independent and appropriate.

Compliance with the Securities and Exchange Law, regulations of the Stock Exchange of Thailand and laws related to the Company's business: The Audit Committee has reviewed the compliance with the Securities and Exchange Law, regulations of the Stock Exchange of Thailand and laws related to the Company's business, and has regularly followed up on the approach of improvement of the management. The Audit Committee is of the opinion that the Company complies with the Securities and Exchange Law, regulations of the Stock Exchange of Thailand and laws related to the Company's business.



Potential conflict of interest transactions: The Audit Committee has placed importance on the consideration of related party transactions and potential conflict of interest transactions to ensure that they comply with the laws and regulations of the Stock Exchange of Thailand. It also has the Internal Audit Department preliminarily checked the accuracy from the report of interest of the directors and the management as well as having the auditor reviewed those transactions annually. The Audit Committee is of the opinion that the related party transactions considered are deemed normal business with the conditions in the ordinary course of business, reasonable, fair and yield maximum benefit to the Company.

Appropriateness of the auditor, consideration, selection and nomination of the auditor: The Audit Committee has evaluated the independence and performance for the year 2013, the 8th year of the auditing firm but changed the auditor who signed off the financial statements since 2011. Overall performance is satisfactory and sufficiently independent.

Overall opinion and observation from the performance of duties in accordance with the charter: The Audit Committee has evaluated its performance, categorized into six aspects, i.e. (1) To review the Company's financial report to ensure that it is accurate and adequate; (2) To review the Company's internal control system and internal audit system to ensure that they are effective and efficient; (3) To review the performance of the Company to comply with the Securities and Exchange Law, regulations of the Stock Exchange of Thailand and laws relating to the Company's business; (4) To consider, select and nominate an external auditor; (5) To consider related party transactions; and (6) To prepare report of the Audit Committee. The Audit Committee is of the opinion that it has generally performed its duties sufficiently and completely.

(Mrs. Nantiya Montriwat)

Chairman of the Audit Committee

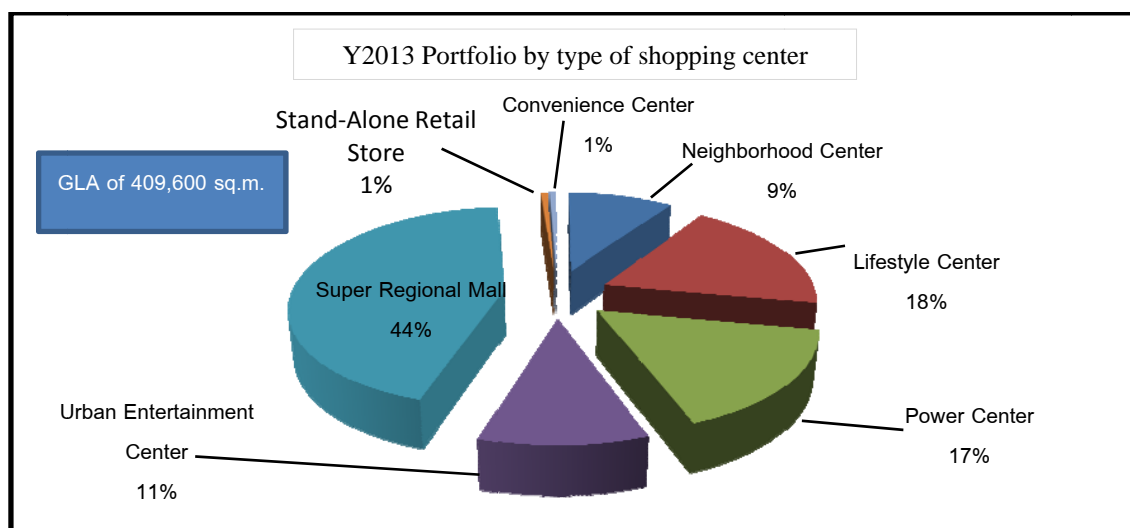


General Information

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. **Currently Total gross leasable area is 409,600 sq.m.** In Y2013 the company management service provider for Bangkok University’s community mall named “Imagine village” which was opened in April 2013. Imagine Village anchored by 7-Eleven with the gross leasable area 3,806 sq.m.

Type of shopping center	Number of shopping centers	Name of Shopping Centers
Neighborhood shopping center	7	Bangbon, Pracha-Utis, Sukhapiban 3,Thonglor Soi 4,Thungmahamek, Piyarom Place (Soi Sukhumvit 101/1) and Market Place Nawamin
Convenience shopping center	3	Wanghin, Ladprao Soi 120, Wanghin (Lotus Express)
Stand-alone retail store	7	Ratchadaphisek – Huay Khwang, Ratchadaphisek-Rama3, Sathorn, Bangkae, Phaholyothin Km.27, Mengjai and Tha Phra.
Power Center	3	SF Major Cineplex Cha Choeng Sao, Petchkasem Power Center, Ekkamai Power Center
Lifestyle Center	7	J Avenue Thonglor 15, The Avenue Chaeng Watthana, La Villa Phonyothin, The Avenue Pattaya, Major Avenue Ratchayothin, Nawamin City Avenue, and Festival Walk Nawamin Art Village.
Urban Entertainment Center	1	Esplanade Ratchadapisek
Super Regional Mall	1	Mega Bangna
Total	29	



The Company earns its income from 5 groups of major services:

1. Income from the project rental.
2. Income from the project management services and common area maintenance (CAM).
3. Income from public utilities services consisting of electricity bills, water supply and telephone bills.
4. Revenue from finance lease contracts ¹
5. Gain on fair value adjustment on Investment Property ²

¹ additional details concerning accounting policy on long-term lease can be found in item 2.9 of the notes to financial statements on page 74

² additional details concerning accounting policy on Investment Property can be found in item 2.8 and 11 of the notes to financial statements on page 74 and 84

**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, 0-2660-9020, 0-2660-9030 Website: http://www.siamfuture.com
Registered Capital:	1,316.11 Million Baht with 1,316.11 Million ordinary shares, par value of Baht 1 each.
Issued and Paid-up Capital:	1,316.02 Million Baht with 1,316.02 Million ordinary shares, par value of Baht 1 each.

Vision

Unlike other developers, we create a place for people first then for business.

Membership of International Organization

Member of International Council of Shopping Center (ICSC)

Awards

- **J Avenue Thonglo 15** won *The Innovative Design and Development of a New Project* from International Council of Shopping Centers (ICSC) International Design and Development Awards 2006.
- **Major Avenue Ratchayothin** won *The Green Architecture Awards 2009* from The Association of Siamese Architects under Royal Patronage selected by Academic committee, Building Technology and Environment.

Other Reference Persons

1. <u>Securities Registrar:</u> Thailand Securities Depository Company Limited 62 The Stock Exchange of Thailand Building, 7 th Floors Rachadapisek Road, Klongtoey, Bangkok 10110 Tel : 0-2229-2000 Fax: 0-2654-5642, 5645	2. <u>External Auditors:</u> Ms. Sakuna Yamsakul, Certified Public Accountant No. 4906 PricewaterhouseCoopers ABAS Limited 15 th 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. <u>Bond Registrar:</u> Kasikorn Bank Public Company Limited 11 th Floor, Phahonyothin Office 400/22 Phahonyothin Road, Samsen nai, Phayatai, Bangkok, Thailand 10400 Tel : 0-2470-1994 Fax : 0-2470-1998	



Major Accomplishments of the Company

1994	★	Siam Future Development Public Company Limited was established with a purpose to conduct an open-air shopping center development and management services.
1995 - 2000	★	The Company's first neighborhood shopping center was opened in Bang Bon with JUSCO as the anchor tenant and expanded 13 centers including B-Quik stand alone.
2002	★★	The Company's status was transformed to a public company and the registered capital increased to Baht 150 million, Baht 71 million of which being paid-up capital at par value of Baht 1 per share
	★★	The Company was listed on the MAI on 17 December 2002.
2003	★★	The 5 th and 6 th 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.
	★★	The Company was granted an approval from the SET to transfer its listing from the MAI to the SET on 12 December 2003 and became effective on 1 January 2004
2004	★	Acquired The Family Center Chaeng Watthana and Piyarom Park
	★	Ladprao Soi 120 Convenience Center, Major Cineplex Cha Choeng Sao, the 1 st Power Center, and J Avenue Thonglor 15, the 1 st Lifestyle Center were opened.
2005	★	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.
2006	★	Raising Registered Capital to Baht 533.95 million by Right Offering to Existing

2006 (Continue)	★	2 New Lifestyle Centers, The Avenue Chaeng Watthana and La Villa Phahonyothin, were opened.
	★	Esplanade Ratchadapisek, an urban entertainment center, was opened.
2007	★	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+
2008	★	One neighborhood center named Market Place Nawamin and one lifestyle center named Major Avenue Ratchayothin were opened.
2009	★	Raising Registered Capital to Baht 1,047.09 million by Right Offering to Existing Shareholders at the ratio of 1 current share to 1 newly issued share for investing in Mega Bangna Project, joint venture with IKEA
	★	Nawamin City Avenue Lifestyle center on Kaset-Nawamin Road was opened.
	★	Issued the Baht 500 million 3.5-year Debenture with Credit rating of BBB+
2010	★	Issued the Baht 1,200 million Debenture with Credit rating of BBB
	★	Disposal of Leasehold of Suzuki Avenue Ratchayothin to MJLF
2011	★	Festival Walk Nawamin Art Village on Kaset-Nawamin Road was opened which had a new concept "Art Village".
	★	IKEA Store Bangna, a home furniture under brand IKEA, was opened as the first IKEA Store in Thailand on November 3rd, 2011.
2012	★★	Mega Bangna , Super Regional Mall located on Bangna-Trad K.M.8 road, was opened on May 5 th , 2012. The Company had joint venture with IKANO Pte. which is the world famous home furnishing company from Sweden under brand "IKEA".
2013	★	The company management service provider for Bangkok University's community mall named "Imagine village"



Financial Highlights

Siam Future Development Public Company Limited

For the fiscal year ended 31 December 2013

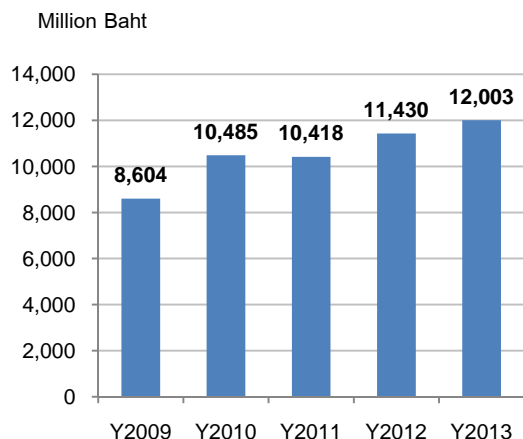
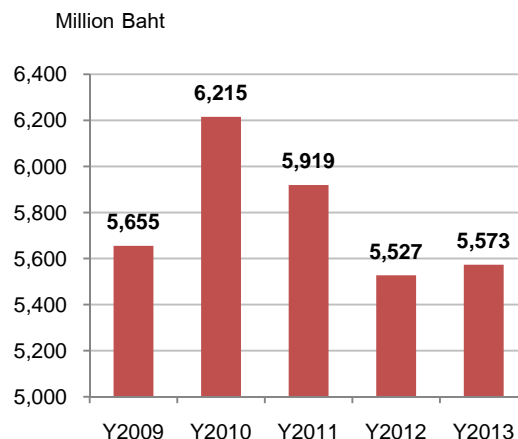
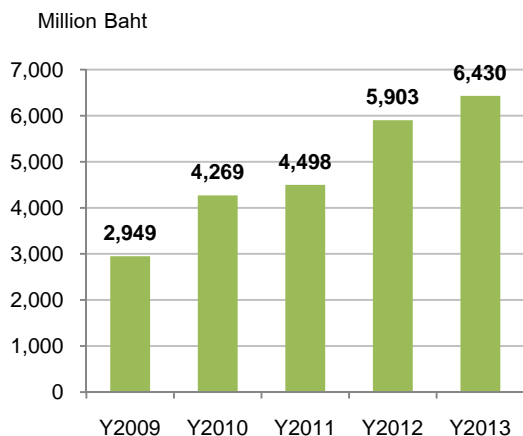
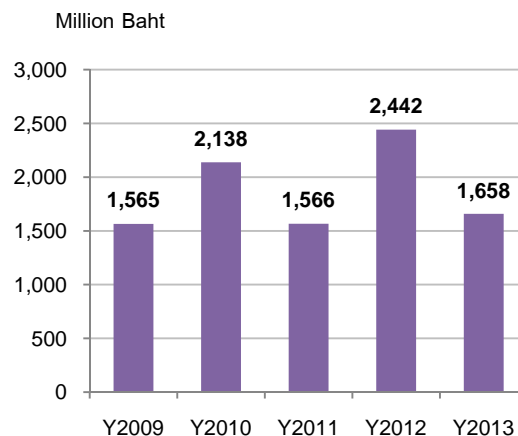
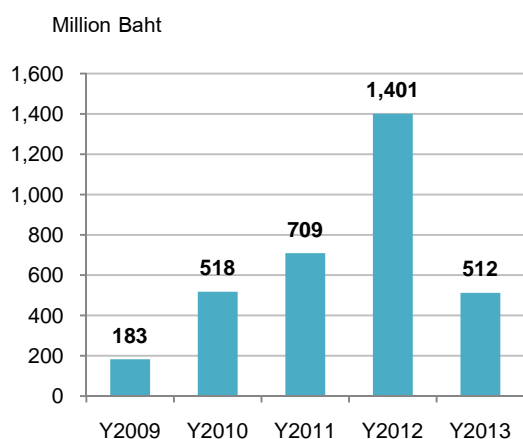
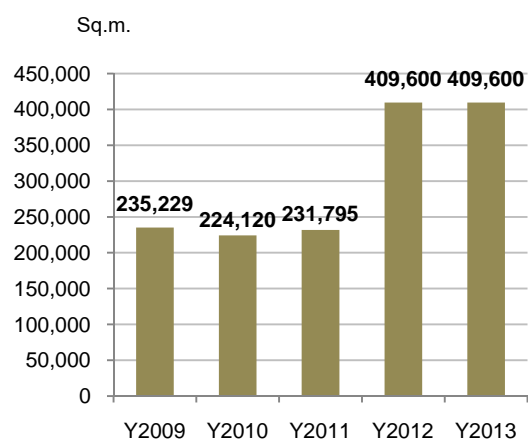
Million Baht	Year 2012	Year 2013	Change in Year 2012-2013
Total Assets	11,430.08	12,002.86	5.0%
Total Liabilities	5,526.85	5,572.50	0.8%
Registered Capital	1,169.88	1,316.11	12.5%
Shareholders' Equity	5,903.23	6,430.36	8.9%
Total Revenues	2,441.70	1,657.91	-32.1% ²
Net Profit	1,400.91	511.86	-63.5% ²
Book Value per share (Baht) ¹	4.71	4.51	-4.2%
Dividend per share (Baht)	0.13889	0.13889 ³	
Net Profit Margin	57.37%	30.87%	
Return on Equity (ROE)	28.89%	8.83%	
Return on Assets (ROA)	14.18%	6.24%	
Interest Bearing Debt to Equity Ratio	0.33	0.33	
Gross Leasable Area-sq.m.	409,600	409,600	

Note

1 Book Value per share means Total parent's shareholders' equity divided by Number of ordinary shares.

2 Total revenue and Net profit decreased from Y2013 because Y2013 has gain on investment property from Mega Bangna.

3 Dividend per share to be presented to the shareholders' meeting for approval at Stock dividend (8 current shares: 1 stock dividend) equal to 0.125 Baht/share and Cash dividend at 0.01389 Baht/share. Total Dividend equal to 0.13889 Baht/share.

**Total Assets****Total Liabilities****Shareholders' Equity****Total Revenues****Net Profit****Gross Leasable Area****Note**

* The Company started to adopt accounting standard no. 40 re investment property using fair value instead of cost method. Therefore, financial status and operating performance significant rose from the year 2009.



Explanation and Analysis on the Financial Status and Operating Performance

In 2010 the Company adopted TAS 40 re Investment Property whereby property held by the Company for rental yield purpose is required to be recognized at fair value appraised by independent valuers to reflect actual market condition. Such fair value is measured by discounted cash flow projections throughout the rental period. The Company is required to appraise fair value of the investment property for all projects and compare it with book value each year

Financial Status

Total Assets

As at 31 December 2013 the Company's total assets declined from those in 2012 by 5% or THB 573 million to THB 12,003 million. Cash and cash equivalents reduced by THB 37 million as part of the money was invested in open-ended funds classified as short-term investments.

Interest in joint venture increased by THB 590 million or 23% from that in 2012, THB 292 million deriving from Mega Bangna project. The Company realized gain from normal operation according to its 49% shareholding proportion in the amount of THB 118 million. Gain on fair value adjustment on investment property increased by THB 174 million from that last year. In addition, it invested in a new joint venture, namely North Bangkok Development Co., Ltd., in the amount of THB 343 million. It was a joint venture with Ikano Pte., Ltd. whereby the Company held 49% shareholding in such joint venture.

Total Liabilities

As at 31 December 2013 the Company's total liabilities increased by 1% or THB 46 million from those in 2012 to THB 5,572 million due to the increase in short and long-term borrowing, net after the repayment made during the year.

In 2013 the Company's current ratio increased from that last year to 0.33 times as a result of redemption of debentures matured during 2013. Debt to equity ratio and interest bearing debt to equity ratio stood at 0.87 and 0.33 times, respectively.



Shareholder's Equity

Shareholder's equity of the Company as at 31 December 2013 increased by THB 527 million or 9% from that in 2012 to THB 6,430 million, mainly attributable THB 252 million net income of the group and share profit from Mega Bangna project joint venture of THB 291 million, as well as an issuance of ordinary shares for share dividend and dividend payment in 2013.

Operating Performance

Operating performance for the year 2013, the Company's total revenues declined by THB 784 million or 32% from the same period of last year to THB 1,658 million, mainly due to THB 790 million reduction in share profit from Mega Bangna project joint venture. This was because Mega Bangna project has just commenced its operation in 2012 and it was the first year the accounting standard no. 40 regarding investment property was adopted to record fair value of the lease area.

Total expenses increased by THB 35 million or 4% from the same period of last year to THB 928 million, comprising the increase in cost of rental and services by 7% or THB 36 million and the increase in selling expenses by 48% or THB 10 million due to the preparation of advertising media in cooperation with the joint venture partner to increase the revenues as well as the preparation of PR media of other activities of the shopping centers.

For the year 2013, the Company's liquidity ratio grew from that in 2012 to 1:3 attributable to the maturity of debentures totaling THB 1,200 million in 2013. During the year, the Company issued new debentures with a maturity in 2016 and 2017 to replace the existing debentures.



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 center¹ 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 centers² and 8 branches as stand-alone retail stores³. 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

Note:

¹ Neighborhood Shopping Center is an open shopping center which has supermarket as an anchor tenant, day-to-day product and specialty stores such as restaurant, bakery shop, beauty shop, music school.

² 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.

³ 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 2004, the Company opened 5 new shopping centers i.e. The Family Center Chaeng Watthana, Ladprao Soi 120 Convenience Center, Major Cineplex Cha Choeng Sao, Lifestyle Center¹ “J Avenue Thonglor 15”, and Piyarom Place Sukhumvit 101/1.

In 2005, the Company opened 3 new shopping centers as follows: Wanghin Convenience Center, Petchkasem Power Center² with Big C Supermarket, Index Living Mall, HomeWork, and Major Cineplex as anchor tenants, Ekkamai Power Center² 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 center¹, La Villa Phahonyothin Lifestyle center¹, and Esplanade Ratchadapisek Urban entertainment center³.

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: The Avenue Pattaya (Lifestyle Center¹) with Major Cineplex, Major Bowl, Villa Market and California Fitness as anchor tenants, Kao Yai Market Village (Power Center²) with Tesco Lotus as an anchor tenant. The profit from sales of such project was THB 96.76 million.

Note:

¹ Lifestyle center is an open shopping center which has up-scale supermarket as an anchor tenant, day-to-day product and specialty stores such as theatre, bowling, restaurant, bakery shop, beauty shop, music school.

² 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.

³ 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 the year 2008, there are 2 new shopping centers i.e. Neighborhood Center named Market Place Nawamin (Sukapiban 1) with Carrefour supermarket as an anchor tenant, Lifestyle Center named Major Avenue Ratchayothin with Villa Supermarket as an anchor tenant.

In the year 2009, the Company raised the capital by Right offering to existing shareholders at the ratio 1 current share to 1 newly issued share at the price 1.20 Baht per share in order to invest in the joint venture, named "SF Development Co., Ltd.", with IKEA. Currently the Company has registered capital of Baht 1,047.09 million and paid-up capital of Baht 1,026.30 million. Moreover, the Company issued 3.5-year debenture of 500,000 units at Par value Baht 1,000 each. Totaling debenture of Baht 500 million will redeem on 15 March 2013. The Company opened the newly Nawamin City Avenue Lifestyle center located on Kaset-Nawamin Road with 7,891 sq.m. gross leasable area and Villa Market as an anchor tenant. The Company disposed Kao Yai Market Village to Ek-chai Distribution System Co., Ltd. (Tesco Lotus) which is an anchor tenant of the project.

In Y2010, the Company issued debenture of Baht 1,200 million in 3 tranches as follows:

- Tranche 1, 3.5-year debenture of 300,000 units at Par value Baht 1,000 each. Totaling debenture of Baht 300 million will redeem on 19 September 2013.
- Tranche 2, 3-year debenture of 400,000 units at Par value Baht 1,000 each. Totaling debenture of Baht 400 million will redeem on 30 July 2013.
- Tranche 3, 4-year debenture of 500,000 units at Par value Baht 1,000 each with call option in year 3. Totaling debenture of Baht 500 million will redeem on 30 July 2014.

Moreover, in December the Company sold 30-year leaseholds rights of 11,109 sq.m. short-term lease of Suzuki Avenue Ratchayothin to Major Cineplex Lifestyle Property Fund (MJLF) in the amount of THB 960 million.

In Y2011, the Company launched 2 new shopping centers. Firstly, Festival Walk Nawamin Art Village, an expansion of Nawamin City Avenue, on Kaset-Nawamin was opened in September 2011. Secondly, IKEA Store which is a part of Mega Bangna was opened their first IKEA Store in Thailand on Bangna-Trad Road K.M.8 with 40,000 sq.m. Mega Bangna target to fully open on May 5th, 2012. According to the flooding situation in Q4/2011, 5 Company's shopping centers were affected by no operation, but there was no property damage.

In Y2012, the Company launched one super regional mall. Mega Bangna, located on Bangna-Trad Road K.M. 8, on 5 May 2012. The Company had joint venture with IKANO Pte. which is the world famous home furnishing company from Sweden. Mega Bangna is anchored by IKEA, Major Cineplex, BigC, Homepro, and Robinson with Gross Leasable Area of 180,000 sq.m.

In Y2013 the company management service provider for Bangkok University's community mall named "Imagine village" which was opened in April 2013. Imagine Village anchored by 7-Eleven with the gross leasable area 3,806 sq.m.



In summary, as of 31 December 2013, the Company has Gross Leasable Area in the amount of 409,600 sq.m.

Revenue Structure

2010-2013 Rental and Service Income from anchor tenants and co-tenants of the Company

Tenants	2011		2012		2013	
	Million Baht	%	Million Baht	%	Million Baht	%
1. Anchor Tenants ¹	273.29	36.99%	230.66	29.27%	210.55	27.49%
2. Co-Tenants	465.52	63.01%	557.26	70.73%	555.46	82.51%
Total	738.81	100.00%	787.92	100.00%	766.01²	100.00%

Remarks:

¹ Anchor Tenants are showed in the Details of the 28 present operating projects excluded Mega-Bangna (Rental Area and Occupancy Rate) Table in page 17-18

² There was no income from an anchor "California Wow". There were amount 19.25 MB.



Details of the 29 existing projects (Rental Area and Occupancy Rate)

	Shopping Center	Anchor Tenant	Type of Shopping Center	Gross Leasable Area (Sq.m.)	Occupancy Rate (%)
1	Bangbon	Maxvalu Supermarket	Neighborhood Center	7,206	91
2	Pracha Utit	Jusco Supermarket	Neighborhood Center	6,174	98
3	Sukaphiban 3	Tops Market	Neighborhood Center	6,725	96
4	Thonglo 4	Tops Market	Neighborhood Center	3,644	100
5	Thungmahamek	Tops Market	Neighborhood Center	2,877	100
6	The Avenue Chaeng Watthana	Major Cineplex, Villa Market, Lemon Farm, California Wow	Lifestyle Center	21,031	79
7	Piyarom Place	Tops Supermarket, Major Bowl	Neighborhood Center	7,588	99
8	Cha Choeng Sao	Major Cineplex	Power Center	8,408	100
9	J Avenue (Thonglo 15)	Villa Market, Major Bowl	Lifestyle Center	7,765	100
10	Wanghin	B-Quik	Convenience Center	535	100
11	Ladprao 120	Tesco Lotus Express	Convenience Center	643	100
12	Wanghin 2	Tesco Lotus Express	Convenience Center	988	100
13	Bangkae	B-Quik	Stand-Alone Retail Store	364	100
14	Meng Jai	B-Quik	Stand-Alone Retail Store	465	100
15	Phahonyothin K.M.27	B-Quik	Stand-Alone Retail Store	433	100
16	Ratchda-Hauy Kwang	B-Quik	Stand-Alone Retail Store	314	100
17	Ta Pra	B-Quik	Stand-Alone Retail Store	355	100
18	Sathorn	B-Quik	Stand-Alone Retail Store	314	100
19	Ratchada-Rama III	B-Quik	Stand-Alone Retail Store	343	100
20	Petchkasem Power Center	Big C, Index, HomeWork, Major Cineplex	Power Center	43,735	100
21	Ekkamai Power Center	Big C, Index	Power Center	15,074	100
22	La-Villa (Phahonyothin)	Villa Market	Lifestyle Center	5,330	98



	Shopping Center	Anchor Tenant	Type of Shopping Center	Gross Leasable Area (Sq.m.)	Occupancy Rate (%)
23	Esplanade (Ratchadapisek)	Major Cineplex, Blu-o Bowl, We fitness, Ratchadalai Theatre, Tops Market, Sub-Zero Ice Skate	Urban Entertainment Center	43,241	98
24	The Avenue Pattaya	Major Cineplex, Major Bowl, Villa Market, California Wow	Lifestyle Center	22,403	87
25	Market Place Nawamin	Big C Market	Neighborhood Center	4,175	96
26	Major Avenue Ratchayothin	Villa Market	Lifestyle Center	3,904	100
27	Nawamin City Avenue	Villa Market	Lifestyle Center	7,891	94
28	Festival Walk	Bosch	Lifestyle Center	7,675	85
29	Megabangna	IKEA, Major Cineplex, Major Bowl, Sub-Zero Ice Skate, Big C, HomePro, Robinson	Super Regional Mall	180,000	100
	Total			409,600	97

Remarks: As at December 31st, 2013.

No. 14-19, Total leasable area are occupied by B-Quik, automotive service workshop, only.



%Ownership of investment in subsidiaries and interest in joint venture





Market and Competition

1) Industry Overview

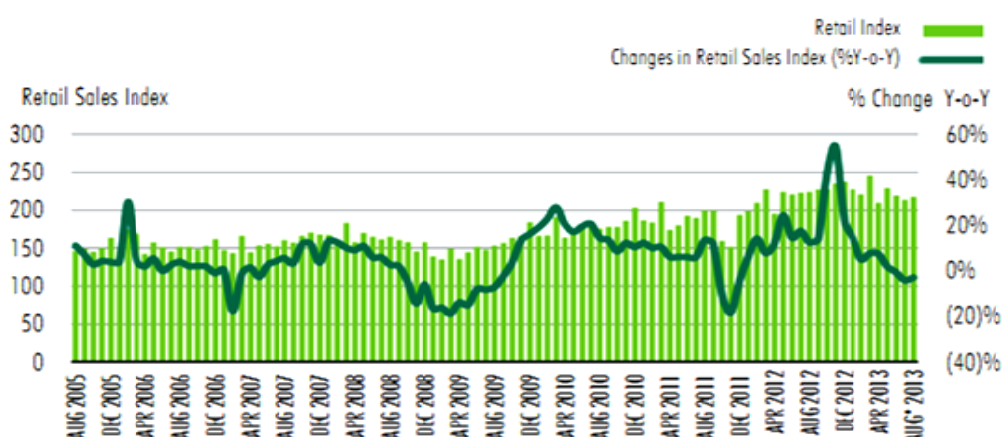
Value of commerce sector (retail-wholesale) accounted for approximately 14% of country's GDP, second after industry sector. Retail-wholesale commerce is deemed to be the sector with the most hiring of 6.02 million people. At present, commerce and service sector accounted for 45.1% compared with those of such developed countries as Malaysia and Japan of 77.5% and 76.5%, respectively. This illustrated growth potential, modern trade in particular as it will be a major channel for product distribution from producers to consumers.

Overview of Retail Industry in 2013

In 2013, Thailand's retail and wholesale industry showed decent growth in the first quarter. However, subsequent quarters were affected from cost of living, rise in prices of consumer products and energy, first car instalments, a purchase of mobile phones and IT products and political instability at present. As a result, household spending of the consumers declined in line with a more restricted revenue and financial status. Accordingly, retail sector tended to be in a "stabilized" mode in the second half of the year or in the near future as economic situation and purchasing power continued to slow down due to a rise in the proportion of household debts in the economic system which forced household sector to cut unnecessary spending such as those spent for luxury goods.

However, profits of over 50% of the businesses in retail sector grew by approximately 9% in the third quarter. Therefore, despite stabilized situation in general, retail industry still grew, though not at the rate as high as that last year as there is no economic stimulus from the government.

Table Illustrating Retail Sales Index (August 2011 – August* 2013)



Source: Research Department, CB Richard Ellis (Thailand) Co., Ltd.

*Note: Information in August 2013 as forecasted by the Bank of Thailand

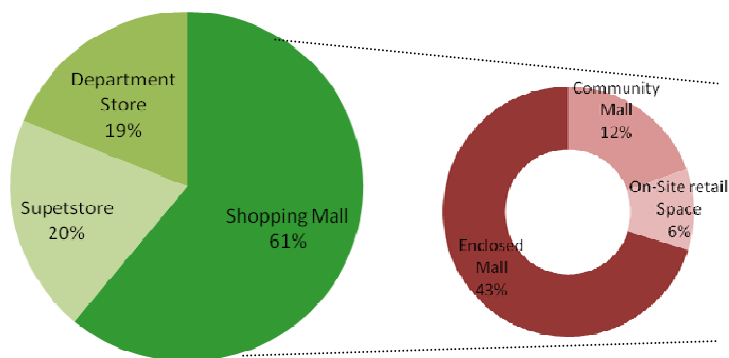


Overview of Retail Market in Bangkok

In spite of a slowdown of retail and wholesale market at macro level, retail space market in Bangkok continues to grow attributable to demand from purchasing power for retail space. Specifically, retail operation in form of community mall continues to have the highest growth compared to other types of retail space projects in Bangkok in term of the number of the projects and is still growing continuously.

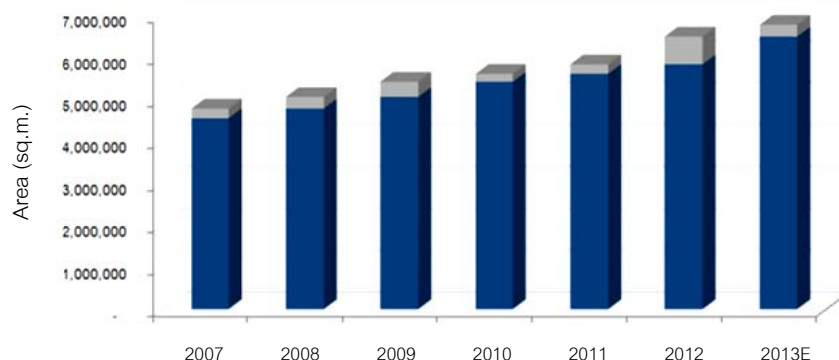
Considering market share in retail and wholesale business in Bangkok, shopping centers have the highest proportion of 61%, most of which being enclosed mall (43%) likely due to tropical climate and occasionally rainy season in Bangkok. Community mall (12%) is another form of shopping centers scattered around community areas. Recently, on-site retail space (6%) emerges as a new form of retail business more accessible to consumers through its combination with offices, residential areas and hotels. Retail and wholesale space increased by 2.6% from that in 2012. Total supply as at the end of the 3rd quarter of 2013 stood at approximately 6,300,000 sq.m. More than 300,000 sq.m. of both enclosed malls and community malls are under construction and due to complete in the last quarter of 2013.

Chart Illustrating Total Supply Categorized by Form of Retail



Source: Business Development Department, Siam Future Development Plc.

Chart Illustrating Accumulated Retail Supply as at the 3rd Quarter 2013

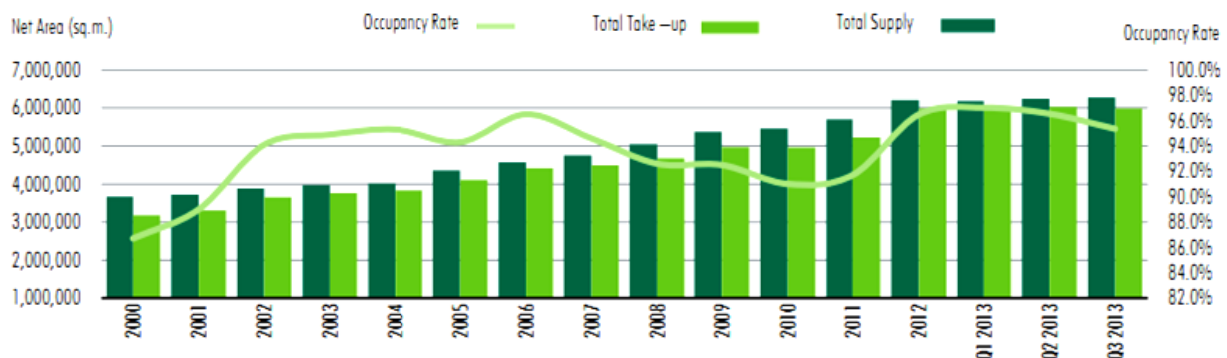


Source: Research Department, Colliers International Thailand

*Note on E: Estimated area of retail space due to be completed within 2013

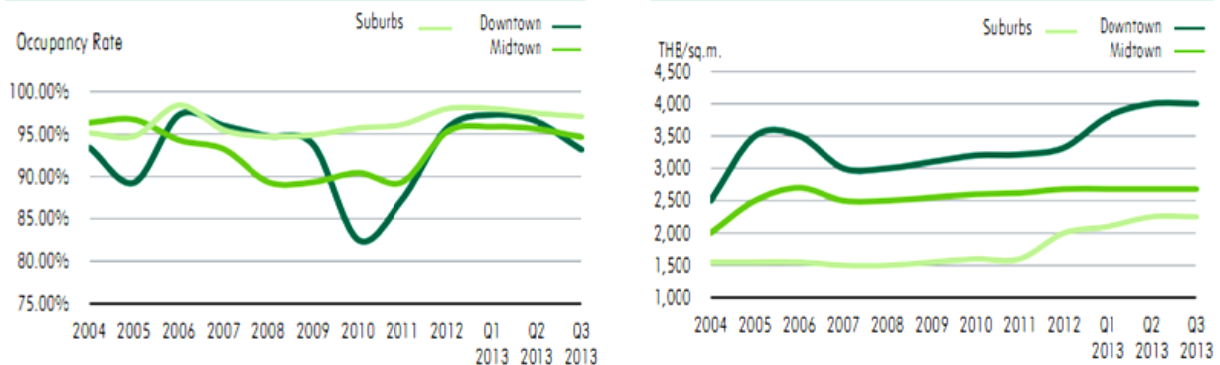
Currently, average rented space of retail space supply in Bangkok and surrounding areas stood at more than 95%, indicating a relatively decent level in all types of retail (except on-site retail space which was less than 90%). Rental rates were not different and continued to grow by 5 – 10% from those in 2012, depending on location. More than 50% of retail spaces were located in the outskirts of Bangkok where large retail projects, e.g. Mega Bangna, Future Park Rangsit, Seacon Square, Paradise Park, Fashion Island, were situated. Many completed community mall projects during the past few years were also situated in Bangkok suburb. Such scattering correlated with a concentration of residential projects in certain parts of the suburb, e.g. KasetNavamin-Ramindra, Rangsit-Lamlookka, Rama III, Rama II, etc.

Chart Illustrating Demand and Supply of Bangkok Area



Source: Research Department, CB Richard Ellis (Thailand) Co., Ltd.

Chart Illustrating Retail Space Occupancy Rate in Bangkok **Chart Illustrating Retail Space Rental Rate in Bangkok**



Source: Research Department, CB Richard Ellis (Thailand) Co., Ltd.

Future Supply of Community Malls in Bangkok

As a result of rapid spread of community mall projects in Bangkok to provide convenience to consumers in need of fast and frequent services with convenient parking lots and easy access for consumer goods shopping on the way home, in the last quarter of 2013, it is expected approximately 83,816sq.m. of the projects will be completed. However, this figure may be adjusted during such period due to many factors arisen from labor, capital and political situation



Forms of expansion of small modern trade branches can be classified as follows:

- Convenience store continues to be the form of small modern trade stores attractive to operators and has been expanded continually. At present new operators or the existing retailers operated in other forms, be it hypermarkets, department stores, or even consumer goods traders have expanded into small retail market, especially expansion to upcountry in line with increasing urbanization trend to upcountry.
- Small mixed concept retail stores are another form to differentiate business, depending on objectives and target customers. For example, distinctive point of super-convenience store is its small-sized store which, apart from consumer goods, also sells fresh foods such as vegetables and fruits, while still providing convenience to respond to consumer behavior. Currently, this form of retail stores has attracted increasing number of large retail business operators. They have started to test the market by targeting city people with high purchasing power.
- On-site retail space, whether it be gas stations or condominiums. Cooperation with business partners is another method which will help reduce cost and timing required for locating new site. If the operators are able to secure potential partners with network covering almost all areas and customer base already available, their marketing cost should also be reduced. Gas stations or condominiums tend to continue to expand substantially. After the AECfree trade in 2015, cooperation with partners will also strengthen and provide competition opportunity to retail business operators. It is expected this form of stores will have the highest growth next year.

Corresponding to a continual growth in community malls, shopping center development and management tends to grow accordingly. Increasing number of new retail business operators, e.g., Toyota, TBN, TCC, Property Perfect, KE Land, is interested in starting business in Bangkok and metropolitan area. The existing operators also plan to continually expand. They will change their expansion method through finding joint venture partners. The Company, in particular, gains trust and is contacted by a number of retail business operators both domestically and overseas. It continues to develop potential community malls with a focus on three elements, i.e. "Good Location" which is a core of all types of retail business; "Concept" of the project which is clear and differs from competitors; and "Professional Management".

Details of community malls are as follows:



Table Illustrating Future Community Mall Projects Expected to be Completed in 2013 – 2014

Project Name	Project Owner	Location	Area	Space (sq.m.)	Status
Quarter 4 2013					
The Brio	n.a	Buddha Monthon Sai 4	Suburb	7,634	Completed
Pickadaily Bangkok	Areeya Property	Sukhumvit 77	Suburb	10,000	Completed
The Paseo Town	Toyota TBN	Sukapiban 3	Suburb	22,000	Completed
W District	Woralak Property	Sukhumvit 69	Near CBD	5,000	Completed
The Crystal PTT	PTT	Chaiyaprupek	Suburb	9,000	Completed
The Salaya Mall	PPM	Salaya	Suburb	6,064	Completed
A-Link Square	Airport Link Square	Ramkamhaeng	Near CBD	10,820	Under construction
Sport Mall at ParcExo	Nusasiri	Kaset-Navamin	Suburb	4,498	Under construction
Mint Village	n.a	Tivanont	Suburb	5,300	Under construction
Qiss	Amorn Group	Rama IV	CBD	3,500	Under construction
Total				83,816	
Quarter1 – 4 2014					
Market Place @Lumpini Township	LPN+ Siam Future	Rangsit	Suburb	5,963	Under construction
The Up	n.a	Rama III	Near CBD	6,000	Under construction
Town Square	ThanasanSombatPattana	Pinklao	Near CBD	8,000	Under construction
Market Today	n.a	Krungthepkrita	Suburb	4,750	Under construction
The Tree Bangbon	K2B Asset	Petchakasem 69	Suburb	9,770	Under construction
The Emerald	Emerald Group	KlongLuang	Suburb	15,000	Under construction
Venice Di Iris	Iris Group	Watcharaphol	Suburb	9,000	Under construction
Pleamary Mall	Pleamary	Watcharaphol	Suburb	28,000	Under construction
The Crystal Ratchaprupek	KE Land	Ratchaprupek	Suburb	50,000	Under construction



Project Name	Project Owner	Location	Area	Space (sq.m.)	Status
Zy Walk	Amornphan Group	Samyan	CBD	24,800	Under construction
I'm Park	Grand Uniland	Samyan	CBD	6,000	Under construction
Habit Mall	Niche Real Estate	Ratchapruek	Suburb	4,026	Under construction
Metro West Town	Property Perfect	Sathorn/ Kalapapruek	Suburb	10,458	Under construction
Metro East Town	Property Perfect	Sukhumvit 77	Suburb	10,255	Under construction
Haha Market	Siam Piwat +MBK	Srinakarin	Suburb	13,000	Under construction
The Paseo Park	Toyota TBN	Kanjanaphisek Road	Suburb	19,000	Under construction
Maze Thonglor	Happy Billion	Thong Lor4	CBD	3,000	Under construction
The Jas Wanghin	JMART	Wang Hin	Suburb	5,000	Under construction
Total				232,022	
Commence 2015/Under Planning Process					
The Jas Ladplakao	JMART	Lad Prao	Suburb	10,000	Under construction
The Puyll	Saranrat	Sukhumvit54	Suburb	5,000	Under construction
Canapaya	Canapaya Property	Rama III	CBD	17,094	Under planning process
Asiatique2	TCC Land	Charoennakorn	CBD	n.a	Under planning process
Total				32,094	

Source: Business Development Department, Siam Future Development Plc.



Retail Industry Outlook

For more than a decade, a proportion of spending for consumer goods has barely changed. It stayed at approximately 35 – 40% of total household spending. What changes is the type of goods spent for. According to the economic and social status survey prepared by National Statistical Office of Thailand, consumer spending behavior will change according to the age of the household and revenue level. Clear example is the number of married households without children and single resident households increased significantly, causing a change in overall purchasing pattern. This is good for retail business as consumers turn to buy ready-to-eat foods and eat out instead of cooking themselves, or to stop by on the way home after work. This enables higher expansion and scattering of retail businesses. However, appropriate location is still considered the most important factor of retail branch expansion, not only in term of the number of customers but also the purchasing power and convenience of the location.

According to the Office of the National Economic and Social Development Board, Thailand's 2014 economy is expected to expand by 4.0 – 5.0% while the inflation rate and current account deficit are forecasted at 2.1 – 3.1% and 0.6% of GDP, respectively. Economy has a potential to grow as high as 5.0%¹, which is beneficial to retail business. Thai Retailers Association has proposed measures to stimulate retail business growth as follows:

1. Support the investment of retail operators and related business
2. Set out urgent measures to reduce peoples' cost of living burden by freezing the prices of those goods necessary for daily life, food, transportation and necessary fuel
3. Promote and facilitate cross-border trade through a relaxation of border checkpoints
4. Create investment confidence and promote investment atmosphere
5. Allow the Government Savings Bank and Small and Medium Enterprise Development Bank of Thailand to look after SME businesses

Strong business sector is an important mechanism which drives domestic consumption to grow continuously. Thai retail operators still can adapt retail chain models from overseas to enliven current shopping atmosphere. Retail business pattern in Thailand tends to follow global trend. In addition to physical stores, shops in the

¹ Under the following conditions:

- (1) World economy expansion of at least 3.5%
- (2) Budget disbursement under water resources management plan and infrastructure investment plan of at least 70% of 2014 budget provision
- (3) Budget disbursement of the government sector under 2014 annual expenditures budget of at least 80% of the planned disbursement
- (4) Dubai's average oil price in 2014 of not more than USD 102 per barrel
- (5) Political conflict not too violent to affect economic activities and confidence of the tourists and investors



project, mostly selling luxury and lifestyle fashion products not food and beverage, also sell their products via internet, thereby minimizing shop space. Therefore, shops in the project are more diversified.

In the future, retail business tends to scatter in form of community malls towards those concentrated residential areas in every region. Additionally, community malls will be more diversified, such as community center, power center, lifestyle center and factory outlet center according to more diversified demand of the consumers in each area. Currently retail business developers are aware of the importance of several difficulties, e.g. lack of experiences and knowledge, selection of location, design difficulty, credibility, difficulty in sourcing partners, difficulty in specifying terms and conditions, marketing, service provider difficulty, natural disaster, economic difficulty, changing technology, consumer's behavior, etc. Each difficulty will have an impact on business operation and needs to value as follows:

- Detailed study, i.e. details of the project should be well studied to determine problem and find solution before making an investment.
- Survey, i.e. site and surrounding area should be surveyed to seek information in various aspects before making an investment and to be used as guidelines for future planning.
- Research, i.e. consumer research, both on behavior and attitude, should be consistently performed as consumer behavior always changes.
- Technology trend, i.e. technology trend should always be studied as presently technology changes rapidly. Technology is considered an important factor for people nowadays.
- Economy and natural disaster, i.e. there should be a plan to cope with instability of economy and natural disaster to minimize its effect to the business.
- Image and credibility, i.e. good image and credibility should be built so that consumers and retail shops can have confidence in the project and operator.
- Human resources, i.e. staff should be qualified and have expertise in related fields.

Moreover, operators should always have a plan to improve and increase community mall capacity so that their efficiency and credibility can be well accepted by the customers as well as retail shops and products sold in the projects. Such plan will also be guidelines for improvement and capacity development in other aspects to respond to customers' requirement and to support more intense competition in the future.



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 effect on the occupancy rates and rental and service fees of the company. From the past experience, the indirect competition does not have strong impact on the company as the company's projects located in the most outstanding location in the area. In addition, the coverage areas¹ of the Company's open-air shopping centers² are only 1-2 kilometers, thus, the company is not significantly affected from the opening of new shopping centers in the same area.

Note

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

2 Open-Air 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 centers are account for this type of center such as Central Plaza, The Emporium, Seacon Square, Maboonkrong, Siam Discovery and Future Park.



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.

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

Anchors¹ in the neighborhood shopping centers² will draw co-tenants³ to Company's projects. Therefore, the Company would incur risk if the anchors terminate the contracts or close their businesses, in which may cause the co-tenants to terminate contracts with the Company. This results in the lower revenue of the firm. However, the Company has requested the down payments of rental and service fees from all anchors and some co-tenants on the contract date, so the risk would be much lower. In case that the anchors terminate the contracts because of their internal policy such as when Seiyu Supermarket ("Seiyu") from Japan, the previous anchor of Sukhapibal 3 neighborhood shopping center³, had policy to close its foreign stores, Seiyu then found another anchor (with approval from the Company) to re-rent the spaces (at present, Tops Supermarket is the anchor at Sukhapibal 3 neighborhood shopping center). The Company then earns revenue continuously. In developing and managing 14 branches of B-Quik Auto Service Center, the Company has signed the long-term rental contracts with every land lord on the condition that the Company can terminate the rental contracts if B-Quik terminates the business with the Company. Therefore, the Company is not accountable for the rental expenses with income from B-Quik. Moreover, if any tenants close the businesses and do not pay rental and service fees, the Company can repossess the spaces and re-rent to other anchors without refunding of prepaid rental and services fees. Currently, the Company believes that there will be no problem in finding new tenants especially the anchors because of the continuous expansion in retail business. The Company also frequently receives rental demand from potential tenants.

Note :

1 Anchors are the lessees 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 which join parts of the project's leasable area such as restaurants, beauty salon, book stores, video rental shops, language school, and clinic.

**Risk of Finding Tenants**

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

For Bang Bon project, Jusco Supermarket, an existing anchor tenant, had already extended the lease agreement for another 15 years.

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

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

Risk of an Increasing cost of Land for the New Projects

The cost of lands for new projects may increase either because the rental fees increase or because the Company has to purchase the lands. Rental fees may increase due to higher market price of land, The Company may have to purchase land due to landlords want to sell instead of renting in the long-run and there are no other good potential areas for shopping center development in each region. Generally, the Company chooses to develop only the profitable projects. If cost of the lands increase, the Company would charge higher rental and service fees in order to sustain the current rate of return. Then, the Company can reduce risk if an increasing cost of lands. Due to the stronger competition in 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 15-30 year long-term rental agreements for most projects. However, the Company intends to extend the contracts as appropriate.

Remaining land lease term From 31 Dec 2013	Gross Leasable Area (sq.m.)	%
Less than 5 years	17,636	4%
5 - 10 Years	28,983	7%
More than 10 years	179,077	44%
Land Ownership	183,904	45%
Total Leasable Area	409,600	100%

Risk of Dependence on Limited Numbers of Experienced Personnel

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

Risk of the delay from receiving the rent of all projects

Rent of space is the Company's main income. If the tenants are inability to pay the rent on time, it will affect the operating performance of the Company. However, there are groups of long-term lease contracts especially anchors which the Company receive a lump sum of advance rental and service. These anchors have not much burden to pay the rest rental and service fee. Therefore, it can mitigate the risk of not pay the rental and service fee from anchors. Besides, the Company always looks after the rental and service fee payment from both anchors and co-tenants in order to mitigate the risk of delay receiving the rental and service fee



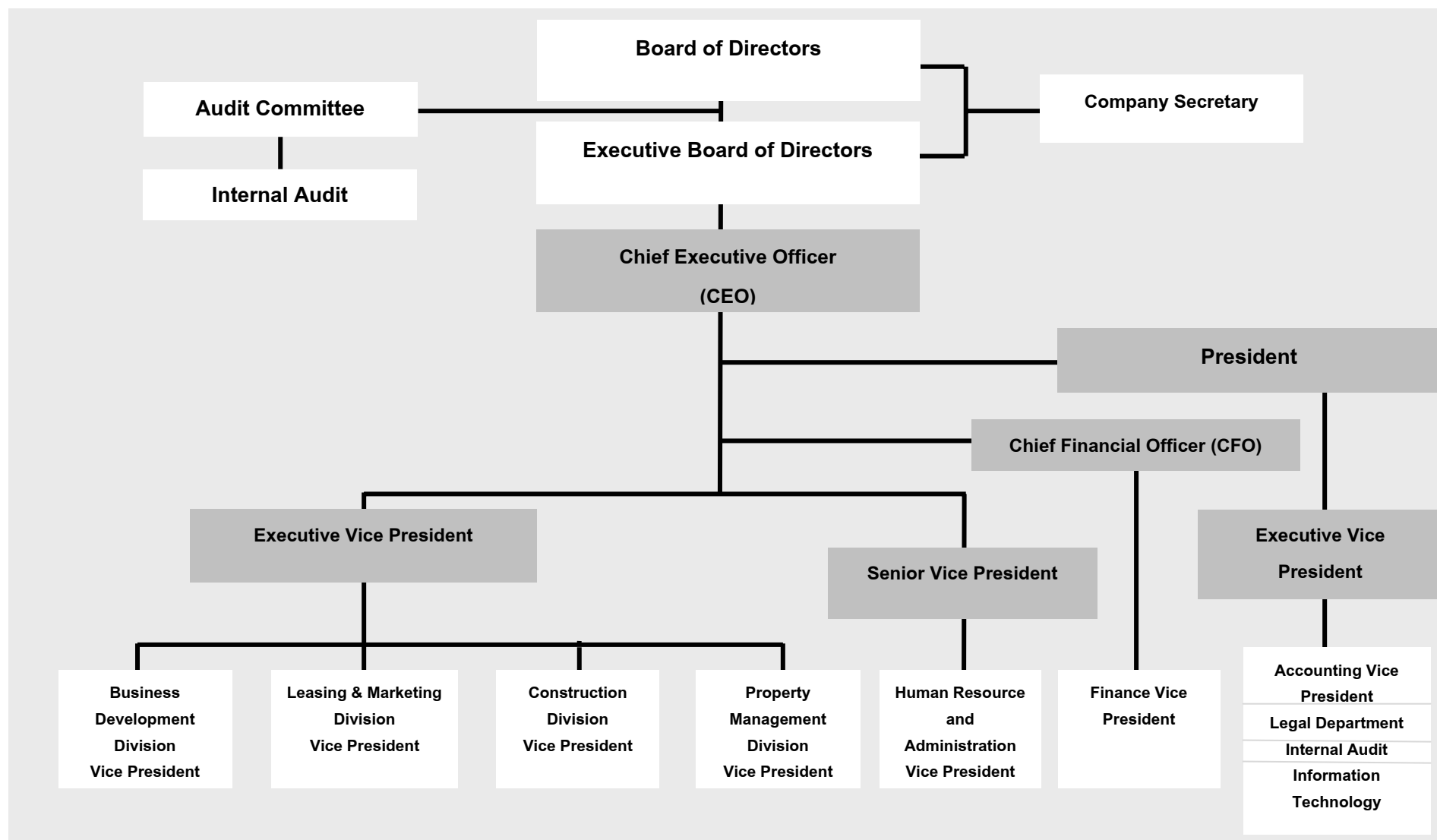
Risk of maintaining financial ratio according to Covenants of Debenture

Refer to Covenants of Debenture between Issuer and Debenture holder, the Company must maintain Interest Bearing Debt to Equity Ratio not exceed 1.5 : 1 as at the end of each financial year. As of 31 December 2013, the Company had Interest Bearing Debt to Equity Ratio equal to 0.33 Therefore; the Risk of maintaining financial ratio is less.



Organization Chart

Siam Future Development PLC





Shareholding Structure and Management

Shareholders

The top 10 major shareholders as listed in the shareholders' registration as at 26 December 2013 are as follows:

	Name of Shareholders ¹	Number of Shares	Percentage
1	Major Cineplex Group Public Company Limited ²	312,110,110	23.72%
2	LUCKY SECURITIES, INC ³	106,415,827	8.09%
3	Mr. Nopporn Witoonchart	81,005,602	6.16%
4	Mr. Pongkit Suttapong	75,811,226	5.76%
5	Mrs. Supan Witoonchart	29,629,212	2.25%
6	Mrs. Kasinee Witoonchart	27,660,017	2.10%
7	Ms. Arthidaya Jantaraprap	27,334,953	2.08%
8	Mr. Akrim Jantaraprap	19,979,785	1.52%
9	Mr. Thanat Potkasemsin	19,428,919	1.48%
10	STATE STREET BANK EUROPE LIMITED ³	15,637,248	1.19%
Total		715,012,899	54.33%
No. of ordinary shares		1,316,012,126	100.00%

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.3 and no.5 are related as mother and son and shareholder no.3 and no.6 are related as aunt and nephew, all shareholders are independent.

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

3 None of director, management, subsidiary of the company or nominee is shareholder of LUCKY SECURITIES, INC, and STATE STREET BANK EUROPE LIMITED.



Management Structure

Directors of Siam Future Development Public Company Limited can be divided into 3 committees 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 12 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
4.	Mr. Somnuk Pojkasemsin	Director and President
5.	Mr. Kittinanth Sumruatruamphol	Director and Chief Financial Officer
7.	Mr. Vicha Poolvaraluck	Director
8.	Mr. Verawat Ongvasith	Director
9.	Ms. Thitapat Issarapornpat *	Director
10.	Mr. Chai Jroongtanapibarn	Independent Director
10.	Ms. Nantiya Montriwat	Chairman of the Audit Committee and Independent Director
11.	Mr. Dej Bulsuk	Member of the Audit Committee and Independent Director
12.	Ms. Sabaithip Suntaros	Member of the Audit Committee and Independent Director

* Ms. Thitapat Issarapornpat has appointed as Director according to the resolution of Annual General Meeting of shareholder 2013 since March 27th, 2013.

Authorized director

Directors authorized to sign on behalf of the Company are Mr. Oranop Jantaraprapa, Mr. Pongkit Suttapong, Mr. Nopporn Witoonchart, Mr. Somnuk Pojkasemsin, and Mr. Kittinanth Sumruatruamphol. 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 5 Directors as follows:

	First Name – Last Name	Position
1.	Mr. Nopporn Witoonchart	Chairman of Executive Board
2.	Mr. Vicha Poonvoruluck	Executive Director
3.	Mr. Somnuk Pojkasemsin	Executive Director
4.	Mr. Kittinanth Sumruatruamphol	Executive Director
5.	Ms. Thitapat Isarapornpat*	Executive Director



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:

	First Name – Last Name	Position
1.	Mrs. Nantiya Montriwat	Chairman of the Audit Committee
2.	Mrs. Sabaithip Suntaros*	Member of the Audit Committee
3.	Mr. Dej Bulsuk	Member of the Audit Committee

* Mrs. Sabaithip Suntaros is a Member of Audit Committee who has knowledge and experience in Review of Financial Statement.

Authority and Responsibility of the Audit Committee

1. To review the company's financial report to ensure accuracy and adequacy;
2. To ensure that the company has an appropriate and efficient internal control system and internal audit;
3. To review the company's performance to ensure compliance with the Securities and Exchange Law, the regulations of the Stock Exchange of Thailand or laws relating to the company's business;
4. To consider, select, nominate and propose remuneration of an external auditor;



5. To consider the disclosure of the company's information in the case that there is a connected transaction or transaction that may lead to conflict of interest, so as to ensure accuracy and completeness;
6. To prepare the Audit Committee report, duly endorsed by the Chairman of the Audit Committee, to be disclosed in the company's annual report; and
7. To perform any other tasks as assigned by the Board of Directors with the approval of the Audit Committee

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

Management

Management of the Company are as follows:

	First Name – Last Name	Position
1.	Mr. Nopporn Witoonchart	Acting Chief Executive Officer
2.	Mr. Somnuk Pojkasemsin	President
3.	Mr. Kittinanth Sumruatruamphol	Chief Financial Officer
4.	Ms. Porntipa Rujipairoj	Executive Vice President
5.	Mr. Chanchai Phansopha	Executive Vice President

Company's secretary: Ms. Porntipa Rujipairoj, who is also in the position of Executive Vice President.

Board of Directors' Meeting

In 2010 - 2013, the Company set up the Board of Directors' Meetings as shown below the number of meetings of each director.

Board of Directors	2011 (Totally 4 meetings)	2012 (Totally 5 meetings)	2013 (Totally 5 meetings)
Mr. Oranop Jantaraprapa	4	5	5
Mr. Pongkit Suttapong	3	4	4
Mr. Nopporn Witoonchart	4	4	5
Mr. Somnuk Pojkasemsin	4	5	5
Mr. Kittinanth Sumruatruamphol	4	5	5
Mr. Vicha Poolvaraluck	4	4	4
Mr. Verawat Ongvasith	4	5	5



Board of Directors	2011 (Totally 4 meetings)	2012 (Totally 5 meetings)	2013 (Totally 5 meetings)
Mr. Vichate Tantiwanich *	2	4	1
Ms. Thitapat Isarapornpat	Not yet appointed		4
Mr. Chai Jroongtanapibarn	4	4	5
Ms. Nantiya Montriwat	4	5	5
Mr. Dej Bulsuk	4	5	5
Ms. Sabaithip Suntaros	4	5	5
Mr. Dusit Nontanakorn *	3	0	0

* Mr. Dusit Nontanakorn, a Member of Audit Committee, passed away on September 6th, 2011. The Board of Directors' Meeting has approved a resolution to appoint Mr. Vichate Tantiwanich as Director since November 9th, 2011 in replacement. And retired in March 27, 2013.

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.



BOARD OF DIRECTORS

1. Mr.Oranop Jantaraprapa • Age 66 years • Shareholding 0.29%

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

2. Mr. Pongkit Suttapong • Age 53 years • Shareholding 6.76%

Position	Vice Chairman • Authorized director
Education	<ul style="list-style-type: none"> • M.B.A. (Marketing), National Institute of Development Administration (NIDA) • B.E. (Industrial Engineering), Khon-Kaen University • Director Certification Program (DCP) Class #35, Thai Institute of Directors Association (IOD) • Politics and Governance in Democratic Systems for Executives Class #9 (Por Por Ror. 9), King Prajadhipok's Institute, year 2005 • The Joint State-Private Class #19, National Defense College, (Wor Por Or. 2006), year 2006
Experience	<ul style="list-style-type: none"> • 1994 – Present: Vice Chairman, Siam Future Development Plc., Shopping Center Developer • 1993 – 1994: Director & General Manager, The International Engineering Public Co., Ltd., Telecommunication • 1990 – 1993: Senior Vice President, The International Engineering Public Co., Ltd., Telecommunication • 1989 – 1990: Regional Marketing Manager (South East Asia) Nokia Mobile Phone, Nokia (SEA) PTE. LTD, Singapore Office • 1986 – 1989: Mobile Phone Department Manager, The International Engineering Public Co., Ltd., Telecommunication • 1984 – 1986: Marketing Planning Manager, Sabina Fareast Co., Ltd., Lingerie

3. Mr. Nopporn Witoonchart • Age 49 years • Shareholding 6.18%

Position	Director • Chairman of Executive Board • Authorized director
Education	<ul style="list-style-type: none"> • B.E. (Computer Engineering), King Mongkut's Institute of Technology • Director Certification Program (DCP # 70) in 2005, Thai Institute of Directors Association (IOD) • Capital Market Academy (CMA #8) 2009 • Top Executive Program in Commerce and Trade (TEPCoT # 3), Commerce Academy 2010 • Top Executive Program in Urban Green Development (Mahanakorn #1), Urban Green Development Institute Bangkok 2011



	<ul style="list-style-type: none"> • Diploma, National Defence College, The Joint State – Private Sector Course Class 55 , National Defence college of Thailand • Top Executive Program in Industry and Investment Business Development, Institute of Business and Development (IBID1)
Experience	<ul style="list-style-type: none"> • 1994 – Present: Director, Chairman of Executive Board, Siam Future Development Plc., Shopping Center Developer • 1994 – Present: Managing Director, Siang Somboon Co., Ltd., Real Estate • 1990 – Present: Executive Director, Witoon Holding Co., Ltd., Real Estate • 1987 – 1990: Engineer, SCT Computer Co., Ltd. (Siam Cement Group), Computer

4. Mr. Somnuk Pojkasemsin • Age 56 years • Shareholding 0.20%

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

5. Mr. Kittinanth Sumruatruamphol • Age 51 years • Shareholding 0.00%

Position	Director • Executive Director • Chief Financial Officer • Authorized Director
Education	<ul style="list-style-type: none"> • MBA (Finance), Sasin Graduate Institute of Business Administration of Chulalongkorn University • Bachelor of Computer Science, Boston University, Massachusetts, USA. • Director Accreditation Program (DAP) in 2004, Thai Institute of Directors Association (IOD)
Experience	<ul style="list-style-type: none"> • 2009 – Present: Director, Executive Director, and Chief Financial Officer, Siam Future Development Plc., Shopping Center Developer • 2005 – 2008: Director of Research, Hunters Investments, Fund • 2004 – 2005: Advisor, Hard-thip Plc. • 2003 – 2004: Chief Investment Officer, Siam Commercial Asset Management Co., Ltd. • 2002 – 2003: Executive Vice President, Siam Commercial Securities Co., Ltd • 1997 – 2002: Head of Thailand Research, Salomon Smith Barney, Financial Advisor

**6. Mr. Vicha Poolvaraluck • Age 50 years • Shareholding 0.00%**

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

7. Mr. Verawat Ongvasith • Age 43 years • Shareholding 0.03%

Position	Director
Education	<ul style="list-style-type: none"> • MBA, Boston University, USA. • B.A. (Accounting), Chulalongkorn University • Director Accreditation Program (DAP) in 2004, Thai Institute of Directors Association (IOD)
Experience	<ul style="list-style-type: none"> • 2003 – Present: Director, Siam Future Development Plc., Shopping Center Developer • 2003 – Present: Chairman of Executive Board • 2001 – Present: Director, Executive Director, Major Cineplex Group Plc., Cinema and Bowling • 2004 – Present: Chairman of Executive Board, Veranda Resort and Spa Co.,Ltd., Hotel • 1996 – Present: Managing Partner, Vivat Construction Co.,Ltd., Construction • 1995 – Present: Managing Director, Tarin Hotel Chiangmai, Hotel

8. Ms.Thitaphat Issarapornpat • Age 45 years • Shareholding 0.00%

Position	Director
Education	<ul style="list-style-type: none"> • MBA, Chulalongkorn University • Bachelor of Accounting, Ramkamhaeng University • Director Certification Program (DCP 148/2554)
Experience	<ul style="list-style-type: none"> • 2013 – Present: Director, Siam Future Development Plc, Shopping Center Developer • 2012 – Present: Director, K Arena Co., Ltd. • 2012 – Present: Director, Thai Ticket Major Co., Ltd. • 2012 – Present: Director, M Pictures Entertainment Plc. • 2012 – Present: Director, M Pictures Co., Ltd. • 2012 – Present: Director, MVD Co., Ltd. • 2012 – Present: Director, M Thirty Nine Co., Ltd. • 2011 – Present: Director, Talent 1 Co., Ltd. • 2011 – Present: Director, EGV Entertainment Plc. • 2009 – Present: Finance & Accounting Director, Major Cineplex Group Plc. • 1991 – 2009: Accounting Manager, Wiik&Hoeglund Plc.

**9. Mr. Chai Jroongtanapibarn • Age 59 years • Shareholding 0.00%**

Position	Independent Director
Education	<ul style="list-style-type: none"> • M.S. (Accounting), Thammasat University • B.A. (Accounting), Chulalongkorn University • Director Certification Program (DCP), in 2003, Thai Institute of Directors Association (IOD) • Audit Committee Program (ACP) in 2005, Thai Institute of Directors Association (IOD)
Experience	<ul style="list-style-type: none"> • 2003 – Present: Independent Director, Siam Future Development Plc., Shopping Center Developer • 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., Exporting of Canned fruits • 2006 – Present: Independent Director and Audit Committee, Oishi Plc., Softdrink & Restaurants • 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

10. Mrs. Nantiya Montriwat • Age 65 years • Shareholding 0.33%

Position	Chairman of the Audit Committee and Independent Director
Education	<ul style="list-style-type: none"> • M.A. (Actuarial Science), University of Manitoba, Canada • B.A. (Statistics), Chulalongkorn University • Director Certification Program (DCP) In 2000, Thai Institute of Directors Association (IOD) • Audit Committee Program (ACP) In 2005, Thai Institute of Directors Association (IOD)
Experience	<ul style="list-style-type: none"> • 2002 – Present: Chairman of the Audit Committee, Siam Future Development Plc., Shopping Center Developer • 2008 – Present: Director, Thai Samut Asset Co., Ltd. • 2007 – Present: Director, Muang Thai Real Estate Pcl. • 2007 – Present: Chairman, Muang Thai Management Co., Ltd. • 2004 – 2008: Advisor to the President, Muang Thai Life Assurance Co., Ltd. • 2000 – 2003: Senior Executive Vice President, Muang Thai Life Assurance Co., Ltd. • 1999 – 2008: Director, Muang Thai Insurance Co., Ltd.

11. Mr. Dej Bulsuk • Age 63 years • Shareholding 0.15%

Position	Member of the Audit Committee and Independent Director
Education	<ul style="list-style-type: none"> • Bachelor degree, Faculty of Commerce & Accountancy, Thammasat University • Director Accreditation Program (DAP) in 2004, Thai Institute of Directors Association (IOD)
Experience	<ul style="list-style-type: none"> • 2004 – Present: Member of the Audit Committee and Independent Director, Siam Future Development Plc., Shopping Center Developer • 2011 – Present: Independent Director, Patum Rice Mill and Grannary PCL. • 2004 – Present: President, CCC Business Development Co., Ltd. • 2004 – Present: Member of the Audit Committee and Independent Director, The Erawan Group PCL. • 2002 – Present: Member of the Audit Committee and Independent Director, GMM Grammy PCL. • 2002 – Present: Member of the Audit Committee and Independent Director, Jay Mart PCL.



- 2001 – Present: Member of the Audit Committee and Independent Director, AEON Thana Sinsap (Thailand) PCL.
- 2002 – 2013: Member of the Audit Committee and Independent Director, JAMART PCL.
- 2006 – 2009: Advisor Director, President Bakery PCL.
- 2002 – 2009: Member of the Audit Committee and Independent Director, GMM Media PCL.
- 2004 – 2006: Honorary Chairman, McThai Co., Ltd. (McDonald's Thailand), Fast Food
- 2001 – 2006: Chairman, Ronald McDonald's House Charities
- 1984 – 2004: Founder and President, McThai Co., Ltd. (McDonald's Thailand), Fast Food

12. Mrs. Sabaithip Suntaros • Age 66 years • Shareholding 0.07%

Position	Member of Audit Committee and Independent Director
Education	<ul style="list-style-type: none"> • B.A. (Accounting), Chulalongkorn University • Director Accreditation Program (DAP) in 2005, Thai Institute of Directors Association (IOD) • Audit Committee Program (ACP) in 2005, Thai Institute of Directors Association (IOD)
Experience	<ul style="list-style-type: none"> • 2003 – Present: Member of Audit Committee and Independent Director, Siam Future Development Plc., Shopping Center Developer • 2009 – Present: Independent Director, Hua Seng Heng Gold Future Co., Ltd., Trading Gold Future • 2003 – 2006: Member of working group, TISCO Charity Foundation • 2001 – 2002: Senior Vice President Custodian Services, TISCO Finance Plc. • 1997 – 2001: Senior Vice President Financial Division, TISCO Finance Plc.

Remark:

- No relationship among each director.
- Shareholding include spouse and not sui juris (legal age) children's shareholding as listed in the shareholders' registration at 26 December 2013.



Management

1. Mr. Somnuk Pojkasemsin • Age 56 years

Please see the Details in Board of Directors.

2. Mr. Kittinanth Sumruatruamphol • Age 51 years

Please see the Details in Board of Directors.

3. Ms. Porntipa Rujipairoj • Age 50 years

Position	Executive Vice President
Education	<ul style="list-style-type: none"> • MBA Thammasat university • MBA Bangkok University • B.B.A. Chulalongkorn University • Politics and Governance in Democratic Systems for Executives Class (Por Por Ror # 17), King Prajadhipok's Institute
Experience	<ul style="list-style-type: none"> • 2004 – Present: Executive Vice President, Siam Future Development Plc., Shopping Center Developer • 1991 – 2004: Senior Vice President, International Engineering Public Co., Ltd. (IEC), Telecommunication • 1988 – 1991: Senior Auditor, Deloitte Touche Tomutsu (Thailand) Co.,Ltd., Ltd., Audit Firm

4. Mr. Chanchai Phansopha • Age 43 years

Position	Executive Vice President
Education	<ul style="list-style-type: none"> • MBA – Management, Hassan School of Business, University of Southern Colorado, USA. • B.B.A. Marketing and Finance, Assumption University • Certificate “Doing Business On the Internet”, University of Los Angeles, USA. • Certificate “Branding & Value Proposition Marketing”, Kellogg, Northwestern University, Chicago, USA. • Certificate “Strategic Marketing”, Kellogg, Northwestern University, Chicago, USA. • Certificate “Customer Value Marketing”, Kellogg, Northwestern University, Chicago, USA. • Certificate “Leadership Program”, Kellogg, Northwestern University, Chicago, USA.
Experience	<ul style="list-style-type: none"> • 2011 – Present: Executive Vice President, Siam Future Development Plc., Shopping Center Developer • 2014 – Present: Chief commercial officer (CCO), SF Development Co., Ltd. Shopping Center Developer • 2012 – 2013: Executive Vice President, SF Development Co., Ltd. Shopping Center Developer • 2011: Executive Vice President & CMO, Executive Director, GMM Grammy PCL., Media and Publishing • 2011: Director and Authorized Director, STGMM Co., Ltd., Satellite television program • 2011: Director and Authorized Director, J S L Channel Co., Ltd., Satellite television program • 2008 - 2010: Managing Director, Teka (Thailand) Co., Ltd. and Teka Kuchentechnik (Thailand) Co., Ltd., Import and distribution of Home Appliances • 2007: Executive Vice President & CMO, Central Pattana PLC., Shopping Center Developer • 2005 - 2006: Director, Business Strategy & Planning, Microsoft (Thailand) Co., Ltd., Computer Software Developer • 2003 - 2005: Chief Marketing Officer, Microsoft (Thailand) Co., Ltd., Computer Software Developer • 2001 - 2003: Assistant Vice President (Head of Business Market), Huchison CAT Wireless Multimedia Co., Ltd., Telecommunication • 1995 - 2001: Channel Marketing Manager, Intel Microelectronics (Thailand) Co., Ltd., Electronic component and Semi Conductor



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 shareholder's meeting. In Year 2013, the Company held 1 shareholders' meeting, i.e. 1 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 2012, the Company has started providing information to support meeting agenda on the Company's website prior to sending the invitation to shareholders. As such, the shareholders could 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 every agenda. This is to enhance transparency and allow subsequent audit in case of dispute.

As the Company has commenced the disclosure of information for the shareholders' meeting on the Company's website in Year 2012, the minority shareholders of the Company thus could propose additional agenda prior to the meeting date and nominate the person for the Company's directors.



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, 02-660-9474 or via <http://www.siamfuture.com>. Presently, the information disclosed on the website is in Thai language and English 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 5 of them are non-executive directors and 4 are independent directors. The number of independent directors accounts for 33% 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 2009, 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 Board of Directors 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. In 2008, the Company appointed an internal audit firm to improve the internal audit system more effectively.

- 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 2013, 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 2013 comprised salary, meeting allowance and provident funds totaling Baht 28.79 million. Details of such are as follows:

1. 12 Board of Directors' members received meeting allowance of Baht 5.90 million in total.
2. 5 Executive Board of Directors' members and the Company's management received remuneration of Baht 19.54 million in total.
3. Other compensations included provident funds of Baht 3.35 million.

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.



Corporate Social Responsibility: CSR

Overall Policy on Social Responsibility

The Company is the no. 1 operator of open-air shopping center development and management. Its vision is “Unlike other developers, we create a place for people first then business”.

Last year the Company continued to be abided by good governance principles, transparent and professional quality management pursuant to business ethics and governance principles for the benefit of all stakeholders. It, therefore, emphasized on improving the existing shopping centers to maintain customer bases, thereby causing stable development of the Company's shopping centers, creating decent profit and sustainable return to the shareholders in a long run. The Company needed to use careful judgment in considering a new project in order that the return will worth the investment. The Company has the following approaches regarding the social and environmental responsibilities:

Responsibilities to the Consumers

The Company has continually developed shopping centers to gain confidence from the customers while simultaneously focusing on differentiating itself from other operators to respond to diversified needs of the customers and to increase access to all groups of customer. The customers as well as lessees were well taken care of. For safety of the customers, security guards were arranged all over the shopping centers while surveillance cameras were put in place. The Company is also a member of the International Council of Shopping Centers (ICSC) which should provide confidence to the customers in the international standard of its shopping centers.

Environmental Management

The Company emphasizes on and is aware of a negative impact to the environment. Therefore, before starting the project, the Company will take into account community, source of utilities, safety, traffic and transportation factors as well as will strictly comply with the rules, regulations and laws relating to property development. In the construction, the Company sets out guidelines to mitigate environmental impact, e.g. use of quality materials, energy saving light bulbs, canvas to cover construction site to prevent dust from dispersion, etc. In addition, the Company realizes the importance of increasing green space to the projects to create beauty and satisfaction to the customers, promote the importance of environment and to provide recreational area to the communities surrounding the shopping centers. For example, in 2009 Suzuki Avenue Ratchayothin Shopping Center was selected by the Building and Environment Technology Academic Committee to earn ASA Green Award from the Association of Siamese Architects under Royal Patronage.

Fair Treatment to the Labor

The Company continually emphasizes on safety and welfare of its employees. It also supports the improvement of staff capability so that their knowledge, ability and skills match with the Company's operational methods, e.g.



provision of Service Excellence training to the employees, enhancement of staff capability along the career path and staff ethics in order that the operation is appropriately and systematically conducted.

Stakeholders

The Company takes into consideration the importance of stakeholders. Therefore, it sets out rules to identify those stakeholders, both internal and external, who have direct and indirect impact to the Company's business in each process, e.g. work of the Company's staff in every department, construction process, purchasing and sale process or after-sale service process, etc.

As the Company's operation requires contact and connection with different types of stakeholders, it has set out guidelines and strategies to take care of the stakeholders in the following table:

Stakeholders	Guidelines and Strategies
Customers	Develop quality and diversified shopping centers to respond to the needs of customers
Employees	Improve knowledge, provide fair treatment under human rights principle and provide safety
Suppliers	Comply with clean trade competition framework
Business partners	Provide appropriate remuneration, improve capability and labor quality
Community	Conduct fair business and do not cause trouble to communities in the neighborhood
Shareholders	Conduct business with corporate governance, disclose transparent information
Co-investors	Provide fair treatment, assistance and advice
Creditors	Honestly comply with the terms and conditions of the agreement
Governmental entities	Fairly cooperate with the governmental entities
Media	Disclose information transparently, accurately and promptly
Competitors	Provide fair treatment to the competitors under clean trade competition framework

Operation and Reporting

In preparing the report, the Company refers to patterns and methods of reporting of the Stock Exchange of Thailand. Currently, there are 10 principles and scopes of the report will cover only the operation of the Company, excluding subsidiaries and joint venture companies.

Guidelines in determining contents and substance of the report are gathered from main issues in the operation and reviewed with various methods, e.g. opinion surveys of persons within the Company who have contacts with



stakeholders outside the organization, opinion surveys of stakeholders within the Company, meetings to select main issues of the organization to ensure contents of the report are accurate and truly consistent with the stakeholders.

In prioritizing the importance of business operation, the Company puts first priority on the responsibility to customers as they are directly and indirectly affected from the Company's operation. Second is the environmental management by taking into consideration the operation which will mitigate the environmental impact, increase green space, etc.

Business Operation which Directly Impacts Social Responsibility

-None-

Activities for the Benefit of Society and Environment after Process

Construct parking lots for motorcycle tax is in front of four shopping centers (Esplanade Ratchadapisek, Petchakasem Power Center, Marketplace Bangbon and The Avenue Pattaya shopping centers) to be in order and for the beauty of the area in front of the shopping centers as well as surrounding communities, and for the convenience of the customers obtaining services from the shopping centers.

Additional Code of Conducts regarding Anti-Corruption Protection

The Company has formulated the Transparency and Anti-fraud Management Policy. Organization structure also formulated on the basis of the good corporate governance and conducted anti-corruption awareness.



SIAM FUTURE DEVELOPMENT PUBLIC COMPANY LIMITED

CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

31 DECEMBER 2013



AUDITOR'S REPORT

To the Shareholders of Siam Future Development Public Company Limited

I have audited the accompanying consolidated and company financial statements of Siam Future Development Public Company Limited and its subsidiaries and of Siam Future Development Public Company Limited, which comprise the consolidated and company statements of financial position as at 31 December 2013, and the related consolidated and company income statements, and the related consolidated and company statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Opinion*

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial position of Siam Future Development Public Company Limited and its subsidiaries and of Siam Future Development Public Company Limited as at 31 December 2013, and its consolidated and company results of operations and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

A handwritten signature in black ink, appearing to read 'Sakuna Yamsakul', written over a light blue background.

Sakuna Yamsakul
Certified Public Accountant (Thailand) No. 4906
PricewaterhouseCoopers ABAS Ltd.
Bangkok

12 February 2014



Siam Future Development Public Company Limited
Statements of Financial Position
As at 31 December 2013

		Consolidated		Company	
		2013	2012	2013	2012
	Notes	Baht	Baht	Baht	Baht
Assets					
Current assets					
Cash and cash equivalents	4	23,366,503	60,566,939	5,940,507	10,094,602
Short-term investments	5	49,065,631	24,500,000	49,065,631	24,500,000
Trade accounts receivable	6, 28	73,132,542	66,223,424	34,389,052	35,756,572
Finance lease receivables due within one year	7	22,313,921	20,898,422	15,747,372	14,470,479
Amounts due from related parties	28	127,858,525	99,384,882	359,202,999	296,851,693
Short-term loans to related parties	28	25,000,000	-	352,895,592	249,145,592
Other current assets	8	68,879,773	116,590,215	37,151,190	45,580,988
Total current assets		389,616,895	388,163,882	854,392,343	676,399,926
Non-current assets					
Restricted cash		580,021	554,717	-	-
Finance lease receivables	7	667,883,927	687,980,701	442,677,448	457,941,035
Investments in subsidiaries	9	-	-	257,925,000	257,925,000
Interest in joint venture	9	3,159,078,074	2,568,603,751	1,813,000,000	1,470,000,000
Prepaid rent, net		1,165,872	1,232,033	-	-
Investment property	11	7,610,586,287	7,607,225,392	4,036,127,918	4,089,149,599
Building and equipment, net	12	28,488,785	30,390,448	11,917,387	13,212,077
Intangible assets, net	10	22,371,344	23,128,207	17,933,844	18,690,707
Deposits for leasehold land		57,240,721	57,636,914	57,240,721	57,636,914
Other non-current assets		65,844,141	65,162,612	58,537,339	63,678,941
Total non-current assets		11,613,239,172	11,041,914,775	6,695,359,657	6,428,234,273
Total assets		12,002,856,067	11,430,078,657	7,549,752,000	7,104,634,199

Director Director

The notes to the consolidated and company financial statements on pages 12 to 46 form an integral part of these financial statements.



Siam Future Development Public Company Limited
Statements of Financial Position (Cont'd)
As at 31 December 2013

		Consolidated		Company	
		2013	2012	2013	2012
	Note s	Baht	Baht	Baht	Baht
Liabilities and equity					
Current liabilities					
Bank overdrafts and short-term loans from banks	13	200,000,000	90,855,235	200,000,000	90,855,235
Trade accounts payable		9,838,107	9,198,657	5,283,650	4,879,635
Amounts due to related parties	28	41,504,800	9,270,000	28,166,421	6,229,410
Short-term loan from a subsidiary	28	-	-	93,700,000	6,200,000
Current portion of unearned rental and service income	16, 28	52,101,473	57,231,706	30,916,266	36,038,321
Current portion of long-term borrowings	14	498,439,104	1,290,104,001	498,439,104	1,221,354,001
Finance lease liabilities on land leases current portion		88,180,081	102,099,770	80,100,267	103,834,394
Corporate income tax payable		13,146,056	11,792,628	-	-
Other current liabilities	15	266,090,475	291,661,142	162,475,871	189,197,501
Total current liabilities		1,169,300,096	1,862,213,139	1,099,081,579	1,658,588,497
Non-current liabilities					
Unearned rental and service income	16, 28	469,447,469	512,081,678	83,050,793	105,975,422
Long-term borrowings	14	1,447,675,669	572,500,000	1,447,675,669	500,000,000
Deposits received from customers		444,388,689	470,833,580	246,975,719	267,506,547
Deferred tax liabilities	17	631,494,438	609,418,760	343,533,300	327,988,263
Finance lease liabilities on land leases		1,381,860,227	1,475,915,755	850,135,862	930,618,536
Provision for employee benefit	18	28,332,243	23,884,472	28,332,243	23,884,472
Total non-current liabilities		4,403,198,735	3,664,634,245	2,999,703,586	2,155,973,240
Total liabilities		5,572,498,831	5,526,847,384	4,098,785,165	3,814,561,737

The notes to the consolidated and company financial statements on pages 12 to 46 form an integral part of these financial statements.



Siam Future Development Public Company Limited
Statements of Financial Position (Cont'd)
As at 31 December 2013

	Notes	Consolidated		Company	
		2013	2012	2013	2012
		Baht	Baht	Baht	Baht
Liabilities and equity (Cont'd)					
Equity					
Share capital					
Authorised share capital	19	<u>1,316,105,475</u>	<u>1,169,875,095</u>	<u>1,316,105,475</u>	<u>1,169,875,095</u>
Issued and paid-up share capital	19	1,316,020,126	1,169,862,645	1,316,020,126	1,169,862,645
Share premium	19	634,028,511	634,028,511	634,028,511	634,028,511
Retained earnings					
Appropriated - legal reserve	20	117,026,690	104,926,690	117,026,690	104,926,690
Unappropriated		<u>3,977,868,228</u>	<u>3,640,505,280</u>	<u>1,383,891,508</u>	<u>1,381,254,616</u>
Equity attributable to owners of the parent		<u>6,044,943,555</u>	<u>5,549,323,126</u>	<u>3,450,966,835</u>	<u>3,290,072,462</u>
Non-controlling interests		<u>385,413,681</u>	<u>353,908,147</u>	-	-
Total equity		<u>6,430,357,236</u>	<u>5,903,231,273</u>	<u>3,450,966,835</u>	<u>3,290,072,462</u>
Total liabilities and equity		<u>12,002,856,067</u>	<u>11,430,078,657</u>	<u>7,549,752,000</u>	<u>7,104,634,199</u>

The notes to the consolidated and company financial statements on pages 12 to 46 form an integral part of these financial statements.



Siam Future Development Public Company Limited
Income Statements
For the year ended 31 December 2013

	<u>Notes</u>	<u>Consolidated</u>		<u>Company</u>	
		<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
		<u>Baht</u>	<u>Baht</u>	<u>Baht</u>	<u>Baht</u>
Revenues					
Rental and service income		1,299,272,211	1,286,695,282	760,008,349	750,672,031
Revenue from finance lease contracts		7,413,603	-	7,413,603	-
Finance and interest income		25,959,904	36,925,455	39,607,296	31,875,437
Gain on fair value adjustment on investment property, net	11	-	13,766,510	-	-
Dividend income	9	-	-	44,100,000	-
Other income		33,686,616	23,049,726	124,934,767	124,806,454
Share profit from joint venture	9	291,574,323	1,081,263,165	-	-
Total revenues		<u>1,657,906,657</u>	<u>2,441,700,138</u>	<u>976,064,015</u>	<u>907,353,922</u>
Expenses					
Cost of rental and service		562,335,570	525,858,122	330,787,676	307,178,201
Cost of finance lease contracts		4,542,683	-	4,542,683	-
Loss from termination of finance lease contract	7	-	169,596,356	-	-
Loss on fair value adjustment on investment property, net	11	154,866,993	-	147,444,677	38,380,957
Selling expenses		29,536,378	19,901,880	25,738,825	17,870,964
Administrative expenses		156,562,213	156,556,333	122,637,193	134,443,735
Managements' remuneration		19,304,449	20,622,869	26,406,049	20,622,869
Total expenses		<u>927,148,286</u>	<u>892,535,560</u>	<u>657,557,103</u>	<u>518,496,726</u>
Profit before financial costs and tax		<u>730,758,371</u>	<u>1,549,164,578</u>	<u>318,506,912</u>	<u>388,857,196</u>
Financial costs	22	(103,156,107)	(102,129,231)	(102,131,780)	(90,048,364)
Profit before tax		<u>627,602,264</u>	<u>1,447,035,347</u>	<u>216,375,132</u>	<u>298,808,832</u>
Income tax expenses	23	(84,234,193)	(42,113,823)	(39,238,651)	(25,713,967)
Profit for the year		<u>543,368,071</u>	<u>1,404,921,524</u>	<u>177,136,481</u>	<u>273,094,865</u>
Profit attributable to:					
Owners of the parent		511,862,537	1,400,911,551	177,136,481	273,094,865
Non-controlling interests		31,505,534	4,009,973	-	-
		<u>543,368,071</u>	<u>1,404,921,524</u>	<u>177,136,481</u>	<u>273,094,865</u>
Earnings per share	24				
Basic earnings per share		0.39	1.06	0.13	0.21
Diluted earnings per share		0.39	1.06	0.13	0.21

The notes to the consolidated and company financial statements on pages 12 to 46 form an integral part of these financial statements.



Siam Future Development Public Company Limited
Statements of Comprehensive Income
For the year ended 31 December 2013

	Consolidated		Company	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Profit for the year	543,368,071	1,404,921,524	177,136,481	273,094,865
Other comprehensive income for the year, net of income tax	-	-	-	-
Total comprehensive income for the year	<u>543,368,071</u>	<u>1,404,921,524</u>	<u>177,136,481</u>	<u>273,094,865</u>
Total comprehensive income attributable to:				
Owners of the parent	511,862,537	1,400,911,551	177,136,481	273,094,865
Non-controlling interests	<u>31,505,534</u>	<u>4,009,973</u>	<u>-</u>	<u>-</u>
	<u>543,368,071</u>	<u>1,404,921,524</u>	<u>177,136,481</u>	<u>273,094,865</u>

The notes to the consolidated and company financial statements on pages 12 to 46 form an integral part of these financial statements.



**Siam Future Development Public
Company Limited
Statements of Changes in Shareholders'
Equity
For the year ended 31 December 2013**

		Consolidated						
		Attributable to owners of the parent						
	Notes	Issued and paid-up share capital Baht	Share premium Baht	Share subscription Baht	Legal reserve Baht	Unappropriated retained earnings Baht	Non- controlling interests Baht	Total equity Baht
Opening balance 1 January 2012		1,036,226,276	620,589,794	2,422,793	73,926,690	2,415,020,314	349,898,174	4,498,084,041
Issuance of ordinary shares	19	133,636,369	13,438,717	(2,422,793)	-	-	-	144,652,293
Legal reserve appropriation	20	-	-	-	31,000,000	(31,000,000)	-	-
Dividends	25	-	-	-	-	(144,426,585)	-	(144,426,585)
Total comprehensive income for the year		-	-	-	-	1,400,911,551	4,009,973	1,404,921,524
Closing balance 31 December 2012		<u>1,169,862,645</u>	<u>634,028,511</u>	<u>-</u>	<u>104,926,690</u>	<u>3,640,505,280</u>	<u>353,908,147</u>	<u>5,903,231,273</u>
Opening balance 1 January 2013		1,169,862,645	634,028,511	-	104,926,690	3,640,505,280	353,908,147	5,903,231,273
Issuance of ordinary shares	19	146,157,481	-	-	-	-	-	146,157,481
Legal reserve appropriation	20	-	-	-	12,100,000	(12,100,000)	-	-
Dividends	25	-	-	-	-	(162,399,589)	-	(162,399,589)
Total comprehensive income for the year		-	-	-	-	511,862,537	31,505,534	543,368,071
Closing balance 31 December 2013		<u>1,316,020,126</u>	<u>634,028,511</u>	<u>-</u>	<u>117,026,690</u>	<u>3,977,868,228</u>	<u>385,413,681</u>	<u>6,430,357,236</u>

The notes to the consolidated and company financial statements on pages 12 to 46 form an integral part of these financial statements.



Siam Future Development Public Company Limited
Statements of Changes in Shareholders' Equity (Cont'd)
For the year ended 31 December 2013

		Company					
	Notes	Issued and paid-up share capital Baht	Share premium Baht	Share subscription Baht	Legal reserve Baht	Unappropriated retained earnings Baht	Total equity Baht
Opening balance 1 January 2012		1,036,226,276	620,589,794	2,422,793	73,926,690	1,283,586,336	3,016,751,889
Issuance of ordinary shares	19	133,636,369	13,438,717	(2,422,793)	-	-	144,652,293
Legal reserve appropriation	20	-	-	-	31,000,000	(31,000,000)	-
Dividends	25	-	-	-	-	(144,426,585)	(144,426,585)
Total comprehensive income for the year		-	-	-	-	273,094,865	273,094,865
Closing balance 31 December 2012		<u>1,169,862,645</u>	<u>634,028,511</u>	<u>-</u>	<u>104,926,690</u>	<u>1,381,254,616</u>	<u>3,290,072,462</u>
Opening balance 1 January 2013		1,169,862,645	634,028,511	-	104,926,690	1,381,254,616	3,290,072,462
Issuance of ordinary shares	19	146,157,481	-	-	-	-	146,157,481
Legal reserve appropriation	20	-	-	-	12,100,000	(12,100,000)	-
Dividends	25	-	-	-	-	(162,399,589)	(162,399,589)
Total comprehensive income for the year		-	-	-	-	177,136,481	177,136,481
Closing balance 31 December 2013		<u>1,316,020,126</u>	<u>634,028,511</u>	<u>-</u>	<u>117,026,690</u>	<u>1,383,891,508</u>	<u>3,450,966,835</u>

The notes to the consolidated and company financial statements on pages 12 to 46 form an integral part of these financial statements.



**Siam Future Development Public Company
Limited
Statements of Cash Flows
For the year ended 31 December 2013**

	Notes	Consolidated		Company	
		2013 Baht	2012 Baht	2013 Baht	2012 Baht
Cash flows from operating activities					
Cash generated from operations	26	284,483,428	395,411,018	122,878,998	241,191,929
Interest paid		(103,465,406)	(102,092,419)	(101,495,032)	(90,059,890)
Income tax paid		(63,504,406)	(91,069,265)	(26,220,010)	(42,428,861)
Income tax received		36,294,159	-	-	-
Net cash generated from (used in) operating activities		153,807,775	202,249,334	(4,836,044)	108,703,178
Cash flows from investing activities					
Purchases of intangible assets	10	(817,792)	(611,556)	(817,792)	(611,556)
Purchases of building, equipment and investment property		(42,298,786)	(73,791,996)	(22,424,378)	(45,904,352)
Short-term loans made to subsidiary and related party	28	(25,000,000)	-	(150,450,000)	(31,585,449)
Loans repayments received from subsidiaries and related party	28	-	-	46,700,000	32,100,000
Cash paid for investment in joint venture	9	(343,000,000)	-	(343,000,000)	-
Dividend received	9	44,100,000	-	44,100,000	-
Interest received		1,376,850	1,838,496	23,192,602	21,575,910
Net cash used in investing activities		(365,639,728)	(72,565,056)	(402,699,568)	(24,425,447)
Cash flows from financing activities					
Proceeds from loans from subsidiary	28	-	-	104,200,000	-
Proceeds from long-term borrowings	14	1,445,478,860	-	1,445,478,860	-
Proceeds from issuance of ordinary shares		-	14,669,732	-	14,669,732
Proceeds from (repayments of) short-term loans from banks		109,144,765	(64,144,765)	109,144,765	(64,144,765)
Repayments of short-term loans from subsidiary and related party	28	-	-	(16,700,000)	(300,000)
Repayments of long-term borrowings	14	(1,363,750,000)	(92,500,000)	(1,222,500,000)	(30,000,000)
Dividends paid	25	(16,242,108)	(14,444,025)	(16,242,108)	(14,444,025)
Net cash generated from (used in) financing activities		174,631,517	(156,419,058)	403,381,517	(94,219,058)
Net decrease in cash and cash equivalents		(37,200,436)	(26,734,780)	(4,154,095)	(9,941,327)
Cash and cash equivalents, opening balance		60,566,939	87,301,719	10,094,602	20,035,929
Cash and cash equivalents, closing balance		23,366,503	60,566,939	5,940,507	10,094,602

The notes to the consolidated and company financial statements on pages 12 to 46 form an integral part of these financial statements.



**Siam Future Development Public Company
Limited**

Statements of Cash Flows (Cont'd)

For the year ended 31 December 2013

Supplementary information for cash flows:

Non-cash transactions

Significant non-cash transactions for the years ended 31 December 2013 and 2012 are as follows:

	Consolidated		Company	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Accounts payable arisen as a result of purchases of building, equipment and investment property	31,407,025	1,700,784	14,124,000	-
Accounts payable arisen as a result of purchases of intangible assets	1,698,737	260,000	1,698,737	260,000
Transfer property, plant and equipment to investment property (Note 11)	-	2,825,906	-	-
Investment property increase due to reversal of finance lease contracts	-	104,107,453	-	14,556,626
Investment property decreased due to recognition as cost of finance lease contracts (Note 11)	4,542,683	-	4,542,683	-
Stock dividends (Note 25)	146,157,481	129,982,560	146,157,481	129,982,560

The notes to the consolidated and company financial statements on pages 12 to 46 form an integral part of these financial statements.



Siam Future Development Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the year ended 31 December 2013

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. For reporting purposes, the Company and its subsidiaries are referred to as the Group.

The principal business operating of the Group 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 14 February 2013.

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 financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

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 standards, new financial reporting standard, new interpretations and amendments to accounting standard

1. New/revised accounting standards which are effective on 1 January 2013 and are relevant and have an impact to the Company are:

TAS 12	Income Taxes
TFRS 8	Operating Segments

TAS 12 requires tax expenses to be recognised for current and deferred tax. The Group already adopted since 2006.

TFRS 8 requires the operating segment to be described in the same manner as internal reporting used by the chief operating decision-maker. New accounting policy is described in Note 2.19. The impact to the Company in applying TFRS 8 is only on a disclosure.

2. Revised accounting standards, revised financial reporting standards, and related interpretations that are relevant to the group and are not yet effective and have not been early adopted by the Group:

a) Revised accounting standards effective for the periods beginning on or after 1 January 2014

TAS 1 (Revised 2012)	Presentation of Financial Statements
TAS 7 (Revised 2012)	Statement of Cash Flows
TAS 12 (Revised 2012)	Income Taxes
TAS 17 (Revised 2012)	Leases
TAS 18 (Revised 2012)	Revenue
TAS 19 (Revised 2012)	Employee Benefits
TAS 28 (Revised 2012)	Investments in Associates
TAS 31 (Revised 2012)	Interest in Joint Ventures
TAS 34 (Revised 2012)	Interim Financial Reporting
TAS 38 (Revised 2012)	Intangible Assets
TFRS 8 (Revised 2012)	Operating Segments

TAS 1 (revised 2012) clarifies that conversion features that are at the holder's discretion do not impact the classification of the liability component of the convertible instrument. TAS 1 also explains that, for each component of equity, an entity may present the breakdown of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. This standard has no impact to the Group.

TAS 7 (revised 2012) clarifies that only expenditures that result in a recognized asset in the statement of financial position are eligible for classification as investing activities. This standard has no impact to the Group.

TAS 12 (revised 2012) amends an exception to the existing principle for the measurement of deferred tax assets or liabilities on investment property measured at fair value. TAS 12 currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. This amendment therefore adds the rebuttable presumption that the carrying amount of an investment property measured at fair value is entirely recovered through sale. As the result of the amendment, TSIC 21 - Income tax - recovery of revalued non-depreciable assets is incorporated in to TAS 12 (revised 2012). The management is currently assessing the impact of applying this standard.

2 Accounting policies (Cont'd)

2.2 New accounting standards, new financial reporting standard, new interpretations and amendments to accounting standard (Cont'd)

2. Revised accounting standards, revised financial reporting standards, and related interpretations that are relevant to the group and are not yet effective and have not been early adopted by the Group: (Cont'd)

a) Revised accounting standards effective for the periods beginning on or after 1 January 2014 (Cont'd)

TAS 17 (revised 2012) deletes the guidance for a lease of land with an indefinite useful life to be classified as an operating lease. The standard has been amended to clarify that when a lease includes both land and buildings, classification as a finance or operating lease is performed separately in accordance with TAS 17's general principles. This standard has no impact to the Group.

TAS 18 (revised 2012) removes the appendix to TAS 18. This standard has no impact to the Group.

TAS 19 (revised 2012) deletes the transition provisions of the current TAS 19. This standard has no impact to the Group.

TAS 28 (revised 2012) clarifies that when an entity moves from an equity accounting to cost accounting in the separate financial statements, the standard requires this to be adjusted retrospectively. An entity losses significant influence, the remaining interest of investment should be valued at fair value. This matter should be adjusted prospectively effectively for the period begins on or after 1 Jan 2014. This standard has no impact to the Group.

TAS 31 (revised 2012) clarifies that when an entity moves from an equity accounting to cost accounting in the separate financial statements, the standard requires this to be adjusted retrospectively. An entity losses of joint control in its interest in joint control, the remaining interest of investment should be valued at fair value. This matter should be adjusted prospectively effectively for the period begins on or after 1 Jan 2014. This standard has no impact to the Group

TAS 34 (revised 2012) emphasises the existing disclosure principles for significant event and transactions. Additional requirements cover disclosure of changes in fair value measurements (if significant), and the need to update relevant information from the most recent annual report. This standard has no impact to the Group.

TAS 38 (revised 2012) Clarifies that an intangible asset acquired in a business combination might be separable, but only together with a related contract, identifiable asset or liability. In such cases, intangible asset is recognised separately from goodwill, but together with related item. Intangible assets are recognised as a single asset provided the individual assets have similar useful lives. This standard has no impact to the Group.

TFRS 8 (revised 2013) clarifies that an entity is required to disclose a measure of segment assets only if the measure is regularly reported to the chief operating decision-maker. This standard has no impact to the Group.

2 Accounting policies (Cont'd)

2.2 New accounting standards, new financial reporting standard, new interpretations and amendments to accounting standard (Cont'd)

2. Revised accounting standards, revised financial reporting standards, and related interpretations that are relevant to the group and are not yet effective and have not been early adopted by the Group: (Cont'd)

b) Interpretations of Thai Financial Reporting Interpretations Committee (TFRIC) and Thai Standard Interpretations committee (SIC) effective for the periods beginning on or after 1 January 2014

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining Whether an Arrangement Contains a Lease
TFRIC 10	Interim Financial Reporting and Impairment
TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions in the Legal Form of a Lease

TFRIC 1 provides guidance on accounting for changes in the measurement of an existing decommissioning, restoration and similar liability that results from changes in estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or a change in the discount rate. This interpretation has no impact to the Group.

TFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. The management is currently assessing the impact of TFRIC 4.

TFRIC 10 prohibits reversal of an impairment losses recognised in a previous interim period in respect of goodwill. This interpretation has no impact to the Group.

TSIC15 sets out the accounting for the recognition of incentive that a lessor provides to a lessee in an operating lease. This interpretation has no impact to the Group.

TSIC27 provides guidance on evaluating the substance of transactions in the legal form of a lease between the entity and the investor whether a series of transactions is linked and should be accounted for as one transaction and whether the arrangement meets the definition of a lease under TAS17 "Leases". The accounting shall reflect the substance of the arrangement. This interpretation has no impact to the Group.

2 Accounting policies (Cont'd)

2.3 Group accounting - Investment in subsidiaries and interest in joint venture

a) Subsidiaries

Subsidiaries are all entities (including special purpose 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 fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Investments in subsidiaries are accounted for at cost less impairment.

Intercompany transactions, balances and unrealised gains or loss on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

A list of the Group's Principle Subsidiaries is set out in Note 9.

b) Transactions and non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

c) Joint venture

The Group's interests in jointly controlled entities are initially recorded at cost and accounted for by the equity method in the consolidated financial statements. The Group's share of its joint venture's post-acquisition profits or losses is recognised in the consolidated statement of income. The cumulative post-acquisition movements are adjusted against the carrying amount of the interest in joint venture. When the Group's share of losses in joint venture equals or exceeds its interest in joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

In the Company financial statements, the cost method is applied to account for interests in joint venture. Under the cost method, income from interests in joint venture will be recorded when dividends are declared.

A list of the Group's joint venture is set out in Note 9.

2 Accounting policies (Cont'd)

2.4 Cash and cash equivalents

Cash and cash equivalents includes cash on hand and deposits held at call with banks.

2.5 Short-term investment

Short-term investment is investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price and short-term is defined as a year. The short-term investment is presented at a fair value in the statement of financial position. The fair value of unit trust is based on net assets value of the fund on the last business day of the year. The change of investment valuation are recognised a net gain or loss in the statement of income.

An impairment review is carried out by the Group when there is a factor indicating that such investment might be impaired. If the carrying amount of the investment is higher than its recoverable amount, impairment loss is charged to the statement of income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of income. When disposing of part of the Company's part is determined by the weighted average carrying amount of the total holding of the investment.

2.6 Trade accounts receivable

Trade accounts receivable are recognised initially at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the 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 Building and equipment

Building and equipment are initially recorded at cost and are subsequently stated at cost less accumulated depreciation as at the statement of financial position date. 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 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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference will be recorded as impairment loss in the income statement.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

2 Accounting policies (Cont'd)

2.8 Investment property

Investment property comprises freehold properties that are held for rentals yields, or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group. Investment property also includes property that is being constructed or developed for future use as investment property. It is carried at fair value based on valuations by independent valuers which will be revalued every three years. However, managements will review the fair value to reflect market conditions at the end of the reporting period. Fair value is measured by discounted cash flow projections which reflects rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects any cash outflows that could be expected in respect of the property. The discount rate reflects current market assessments of the time value of money and risk adjusted. Any gain or loss arising from a change in fair value is recognised in the statements of income.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Properties interest on land held under operating leases is classified and accounted as investment property and is accounted for as if it was a finance lease under "Finance lease liabilities on land leases". Financial cost incurred from such recording is presented by net from gain or loss arising from a change in fair value.

Borrowing costs to finance the construction of properties 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.

2.9 Accounting for long-term leases

Where a Group 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 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 statement of financial position. 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 Accounting policies (Cont'd)

2.10 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 statement of financial position as an intangible asset.

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.

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 and are amortised using the straight line method over their useful lives 10 years.

2.11 Impairment of assets

Building 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 (excluding goodwill) that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2 Accounting policies (Cont'd)

2.12 Deferred income taxes

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Group operates and generate taxable income. Management periodically evaluates positions taken in tax returns. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

2.13 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.

2.14 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.

The Group provides for post employment benefits to employees under the labour laws applicable in Thailand. The Group has recorded the liabilities in respect of employee benefits which are the present value of the defined benefit obligations calculated by an independent actuary in accordance with the actuarial technique. The present value of the defined benefit obligations are determined by discounting estimated future cash flows using yields on the government bonds which have terms to maturity approximating the terms of related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, mortality, length of service and other. The costs associated with providing these benefits are charged to the statements of income so as to spread the cost over the employment period during which the entitlement to benefits is earned.

2 Accounting policies (Cont'd)

2.15 Borrowings

Borrowings are recognised initially at fair value of proceeds received. Borrowings are subsequently stated at amortised cost using the effective yield method; any difference between proceeds and the redemption value is recognised in the statements of income over the period of the borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

2.16 Revenue and expenses 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 2.9 - 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.

Expenses are generally recognised on an accrual basis.

2.17 Financial instruments

Significant financial assets carried on the statement of financial position include cash and cash equivalents, short-term investment, trade accounts receivable, finance lease receivable, amount due from related parties, loan to related parties. Significant financial liabilities carried on the statement of financial position include trade accounts payable, amount due to related parties and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

The Group does not has policy to trade or speculate in any financial instruments.

The Group is party to derivative financial instruments, which are interest rate swap agreements. Such instruments are not recognised in the financial statements on inception.

Interest rate swap agreements protect the Group from movements in interest rates. Any differential to be paid or received on an interest rate swap agreement is recognised as a component of interest revenue or expense over the period of the agreement. Gains and losses on early termination of interest rate swaps or on repayment of the borrowing are taken to profit or loss.

Disclosures about derivative financial instruments to which the Group is a party are provided in Note 9

2.18 Dividends

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

2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as chief executive officer that makes strategic decisions.

3 Critical accounting estimates, assumptions and judgements and capital risk management

3.1 Critical accounting estimates, assumptions and judgements

Estimates, assumptions 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.

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) Building and equipment and intangible assets

Management determines the estimated useful lives and residual values for the Group's building 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.

d) Provision for employee benefits

The present value of the provision for employee benefits depends on a number of assumptions. The assumptions used in determining the net cost for employee benefits include the discount rate. Any changes in these assumptions will impact the carrying amount of the provision for employee benefits.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value at estimated future cash outflows expected to be required to settle the employee benefits obligations. In determining the appropriate discount rate, the Group considers the interest rate of government bond that have terms to maturity approximating the terms at the related employee benefits liability.

Other key assumptions for the provision for employee benefits are based in part on current market conditions. Additional information is disclosed in Note 18.

e) Investment property

The fair value of investment property is carried based on valuations by independent valuers. Fair value is measured by discounted cash flow projections which reflects rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects any cash outflows that could be expected in respect of the property. The discount rate reflects current market assessments of the time value of money and risk adjusted which are at the rates between 4.15% to 12% per annum.

**3 Critical accounting estimates, assumptions and judgements and capital risk management (Cont'd)****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	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Cash	140	128	80	78
Deposits at call with banks	23,227	60,439	5,861	10,017
	<u>23,367</u>	<u>60,567</u>	<u>5,941</u>	<u>10,095</u>

The interest rates of deposits at call with banks are ranging from 0.5% to 0.63% per annum (2012: 0.5% to 0.75% per annum).

5 Short-term investments

As at 31 December 2013, short-term investments represent investment in unit trusts of open fund amounting to Baht 49.1 million (2012: Baht 24.5 million).

6 Trade accounts receivable

Outstanding trade accounts receivable can be aged as follows:

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Current	64,250	53,202	31,263	27,478
Overdue 1 to 6 months	8,422	8,931	3,126	5,387
Overdue 7 to 12 months	461	185	-	-
Overdue over 12 months	-	3,905	-	2,892
	<u>73,133</u>	<u>66,223</u>	<u>34,389</u>	<u>35,757</u>
<u>Less</u> Allowance for doubtful accounts	-	-	-	-
	<u>73,133</u>	<u>66,223</u>	<u>34,389</u>	<u>35,757</u>

**7 Finance lease receivables**

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
The gross receivable in the lease contracts				
Due within 1 year	47,058	44,412	34,199	32,088
Due within 2 to 5 years	201,669	194,974	147,533	143,068
Due later than 5 years	779,802	832,596	501,671	540,076
	<u>1,028,529</u>	<u>1,071,982</u>	<u>683,403</u>	<u>715,232</u>
The present value of minimum lease payments receivable				
Due within 1 year	22,314	20,898	15,747	14,470
Due within 2 to 5 years	102,611	95,163	75,958	69,976
Due later than 5 years	565,273	592,818	366,719	387,965
	<u>667,884</u>	<u>687,981</u>	<u>442,677</u>	<u>457,941</u>
	690,198	708,879	458,424	472,411
<u>Less</u> Allowance for doubtful accounts	-	-	-	-
	<u>690,198</u>	<u>708,879</u>	<u>458,424</u>	<u>472,411</u>
The unearned finance income	<u>338,331</u>	<u>363,103</u>	<u>224,979</u>	<u>242,819</u>

During 2012, the Group terminated the finance lease contract with an entity and recognised loss by Baht 169.60 million in the income statement.

The unearned finance income is calculated basing on the discount rate between 4.15% to 12% 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; and
- 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

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Other accounts receivable	42,313	35,498	21,635	30,943
Withholding tax deducted at sources	15,837	60,209	12,291	9,765
Prepaid expenses	7,964	16,885	2,057	3,624
Others	2,766	3,998	1,168	1,249
	<u>68,880</u>	<u>116,590</u>	<u>37,151</u>	<u>45,581</u>



9 Investment in subsidiaries and interest in joint venture

Movements in investments in subsidiaries and interest in joint venture are as follows:

	Company	
	2013	2012
	Baht'000	Baht'000
Investment in subsidiaries		
For the years ended 31 December		
Opening book value	257,925	257,925
Disposal	-	-
Closing book value	<u>257,925</u>	<u>257,925</u>

At the Annual Ordinary Shareholder Meeting of a joint venture held on 4 June 2013, the shareholders approved the dividend payment at Baht 0.30 per share, totalling Baht 90 million. The dividend were paid to the Company and non-controlling interest on 14 June 2013. The Company recorded its portion of Baht 44.1 million in the income statement.

	Consolidated	Company
	Baht'000	Baht'000
Interest in joint venture		
For the year ended 31 December 2013		
Opening book value	2,568,604	1,470,000
Acquisitions	343,000	343,000
Dividends received	(44,100)	-
Share profit from joint venture	291,574	-
Closing book value	<u>3,159,078</u>	<u>1,813,000</u>

The details of investments in subsidiaries and interest in joint venture as at 31 December are as follow:

	Nature of relationship	% Ownership interest	
		2013	2012
Subsidiaries			
Petchkasem Power Center Company Limited	Shareholder	74	74
Ekkamai Lifestyle Center Company Limited	Shareholder	51	51
Siam Future Property Company Limited	Shareholder	100	100
Ratchayothin Avenue Company Limited	Shareholder	50	50
Ratchayothin Avenue Management Company Limited	Subsidiary of Ratchayothin Avenue Company Limited	50	50
Siam Future Management Company Limited	Shareholder	100	100
Joint venture			
SF Development Company Limited	Shareholder	49	49
North Bangkok Development Company Limited	Shareholder	49	-

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

**9 Investment in subsidiaries and interest in joint venture (Cont'd)**

The following amounts represent the Group's share of the assets and liabilities and revenue and expenses of joint venture:

	As at 31 December	
	2013 Baht'000	2012 Baht'000
Cash and cash equivalents	347,514	509,779
Trade accounts receivable	12,575	40,482
Other current assets	103,561	80,994
Prepaid rent	20	1,987
Investment property	6,285,085	6,131,586
Equipment, net	78,793	12,294
Other assets	17,889	58,941
Total assets	6,845,437	6,836,063
Finance lease liabilities on land leases	151,873	150,285
Long term loan from financial institution	2,859,150	3,113,950
Unearned rental	67,066	69,620
Deferred tax liabilities	308,680	264,910
Accounts payables	24,251	42,679
Other liabilities	619,849	627,525
Total liabilities	4,030,869	4,268,969
Net assets	2,814,568	2,567,094
	For the year ended 31 December	
	2013 Baht'000	2012 Baht'000
Rental income	656,774	423,794
Gain on fair value adjustment on investment property, net	103,301	1,229,212
Interest income	8,188	4,976
Other income	226,376	126,335
Cost of rental and service	(300,726)	(169,217)
Selling and administrative expenses	(134,198)	(120,019)
Financial cost	(194,000)	(138,825)
Profit before tax	365,715	1,356,256
Income tax expenses	(74,141)	(274,993)
Net profit	291,574	1,081,263

A joint venture had entered into interest rate swap contracts to alter the interest rate of long-term loans from financial institutions in Baht currency from floating rate to fixed rate.

The remaining terms of the outstanding interest rate swap contracts at 31 December were:

	2013 Baht'000	2012 Baht'000
Later than 1 year and not later than 3 years	490,923	197,077
Over 3 years	5,345,381	6,055,523
	5,836,304	6,252,600

Interest rate swap contracts are due for exchange of the differences in interest amount every three months.



10 Intangible assets, net

	Consolidated			Company
	Goodwill Baht'000	Computer software licenses Baht'000	Total Baht'000	Computer software licenses Baht'000
At 31 December 2012				
Cost	5,000	28,890	33,890	28,890
<u>Less</u> Accumulated amortisation	(563)	(7,889)	(8,452)	(7,889)
Net book value	<u>4,437</u>	<u>21,001</u>	<u>25,438</u>	<u>21,001</u>
Year ended 31 December 2012				
Opening net book value	4,437	21,001	25,438	21,001
Additions	-	612	612	612
Amortisation charge	-	(2,922)	(2,922)	(2,922)
Closing net book value	<u>4,437</u>	<u>18,691</u>	<u>23,128</u>	<u>18,691</u>
At 31 December 2012				
Cost	5,000	29,502	34,502	29,502
<u>Less</u> Accumulated amortisation	(563)	(10,811)	(11,374)	(10,811)
Net book value	<u>4,437</u>	<u>18,691</u>	<u>23,128</u>	<u>18,691</u>
Year ended 31 December 2013				
Opening net book value	4,437	18,691	23,128	18,691
Additions	-	2,256	2,256	2,256
Amortisation charge	-	(3,013)	(3,013)	(3,013)
Closing net book value	<u>4,437</u>	<u>17,934</u>	<u>22,371</u>	<u>17,934</u>
At 31 December 2013				
Cost	5,000	31,758	36,758	31,758
<u>Less</u> Accumulated amortisation	(563)	(13,824)	(14,387)	(13,824)
Net book value	<u>4,437</u>	<u>17,934</u>	<u>22,371</u>	<u>17,934</u>

**11 Investment property**

For the years ended 31 December	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Investment property at 1 January	7,607,225	7,348,733	4,089,150	4,030,335
Transfer from property, plant and equipment	-	2,826	-	-
Additions of investment property during the year	65,491	149,914	32,596	35,889
Disposals investment property according to finance lease agreement	(4,543)	-	(4,543)	-
Gain (loss) from fair value adjustment	(57,587)	105,752	(81,075)	22,926
Investment property at 31 December	<u>7,610,586</u>	<u>7,607,225</u>	<u>4,036,128</u>	<u>4,089,150</u>
			Consolidated	Company
			Baht'000	Baht'000
Statement of comprehensive income for the year ended 31 December 2013				
Loss from fair value adjustment			(57,587)	(81,075)
Financial cost from recording investment property			(97,280)	(66,370)
Loss from fair value adjustment on investment property, net			<u>(154,867)</u>	<u>(147,445)</u>
			Consolidated	Company
			Baht'000	Baht'000
Statement of comprehensive income for the year ended 31 December 2012				
Gain from fair value adjustment			105,752	22,926
Financial cost from recording investment property			(91,985)	(61,307)
Gain (loss) from fair value adjustment on investment property, net			<u>13,767</u>	<u>(38,381)</u>

Rental income and expenditures presented in the income statement were arisen from investment property that generated rental income.

As at 31 December 2013, investment property with the net book value (before fair value adjustment) amounting to Baht 515 million (2012: Baht 515 million) was pledged as collateral for borrowings as described in Note 13 and Note 14.

**12 Property, plant and equipment, net**

	Consolidated			
	Building and building improvement Baht'000	Motor vehicles, office equipment, and computer Baht'000	Construction in progress and project under development Baht'000	Total Baht'000
At 31 December 2012				
Cost	11,852	103,903	5,738	121,493
<u>Less</u> Accumulated depreciation	(2,384)	(83,699)	-	(86,083)
Net book value	9,468	20,204	5,738	35,410
Year ended 31 December 2012				
Opening net book value	9,468	20,204	5,738	35,410
Additions	-	10,419	395	10,814
Transferred in (out)	-	1,647	(1,647)	-
Depreciation charge	(482)	(10,884)	-	(11,366)
Transfer to investment property	-	-	(2,826)	(2,826)
Write-off	-	-	(1,642)	(1,642)
Closing net book value	8,986	21,386	18	30,390
At 31 December 2012				
Cost	11,852	115,969	18	127,839
<u>Less</u> Accumulated depreciation	(2,866)	(94,538)	-	(97,449)
Net book value	8,986	21,386	18	30,390
Year ended 31 December 2013				
Opening net book value	8,986	21,386	18	30,390
Additions	-	6,114	401	6,515
Depreciation charge	(484)	(7,914)	-	(8,398)
Write-off	-	-	(18)	(18)
Closing net book value	8,502	19,586	401	28,489
At 31 December 2013				
Cost	11,852	122,083	401	134,336
<u>Less</u> Accumulated depreciation	(3,350)	(102,497)	-	(105,847)
Net book value	8,502	19,586	401	28,489

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

	Company		
	Motor vehicles, office equipment, and computer Baht'000	Construction in progress and project under development Baht'000	Total Baht'000
At 31 December 2012			
Cost	78,423	1,264	79,687
<u>Less</u> Accumulated depreciation	(63,717)	-	(63,717)
Net book value	<u>14,706</u>	<u>1,264</u>	<u>15,970</u>
Year ended 31 December 2012			
Opening net book value	14,706	1,264	15,970
Additions	5,682	397	6,079
Depreciation charge	(7,195)	-	(7,195)
Write-off	-	(1,642)	(1,642)
Closing net book value	<u>13,193</u>	<u>19</u>	<u>13,212</u>
At 31 December 2012			
Cost	84,105	19	84,124
<u>Less</u> Accumulated depreciation	(70,912)	-	(70,912)
Net book value	<u>13,193</u>	<u>19</u>	<u>13,212</u>
Year ended 31 December 2013			
Opening net book value	13,193	19	13,212
Additions	3,552	401	3,953
Depreciation charge	(5,229)	-	(5,229)
Write-off	-	(19)	(19)
Closing net book value	<u>11,516</u>	<u>401</u>	<u>11,917</u>
At 31 December 2013			
Cost	87,657	401	88,058
<u>Less</u> Accumulated depreciation	(76,141)	-	(76,141)
Net book value	<u>11,516</u>	<u>401</u>	<u>11,917</u>

**13 Bank overdraft and short-term borrowings from banks**

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Bank overdraft	-	855	-	855
Short-term loans from banks	200,000	90,000	200,000	90,000
	<u>200,000</u>	<u>90,855</u>	<u>200,000</u>	<u>90,855</u>

Loans from a bank have been guaranteed by pledge of investment property of a property project as collateral. Loans bear interest at the rates 3.50% per annum (2012: 4.60% to 5.12% per annum).

14 Borrowings

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Current portion of long-term borrowings				
Bank borrowings	-	91,250	-	22,500
Debentures	498,439	1,198,854	498,439	1,198,854
	<u>498,439</u>	<u>1,290,104</u>	<u>498,439</u>	<u>1,221,354</u>
Long-term borrowings				
Bank borrowings	-	72,500	-	-
Debentures	1,447,676	500,000	1,447,676	500,000
	<u>1,447,676</u>	<u>572,500</u>	<u>1,447,676</u>	<u>500,000</u>
Total borrowings	<u>1,946,115</u>	<u>1,862,604</u>	<u>1,946,115</u>	<u>1,721,354</u>

Bank borrowings

Long-term bank borrowings which bear interest rates at MLR and MLR minus 0.25% per annum (2012: MLR and MLR minus 0.25% per annum) are secured by pledge of investment property of property projects. The borrowings are due for monthly interest payment.

Debentures

The debentures bear interest at the rates between 4.70% to 4.85% per annum and will be mature during July 2014 to July 2017. The Company has to maintain financial ratios as stipulated in the offering documents.

The movements in the borrowings can be analysed as follows:

	Consolidated		Company	
	2013	2012	2013	2012
For the years ended 31 December	Baht'000	Baht'000	Baht'000	Baht'000
Opening amount	1,862,604	1,953,571	1,721,354	1,749,821
Additions during the year	1,450,000	-	1,450,000	-
Debenture issuance cost	(4,521)	-	(4,521)	-
Repayment of bank borrowings and debenture	(1,363,750)	(92,500)	(1,222,500)	(30,000)
Amortisation of debenture issuance cost	1,782	1,533	1,782	1,533
Closing amount	<u>1,946,115</u>	<u>1,862,604</u>	<u>1,946,115</u>	<u>1,721,354</u>

**14 Borrowings (Cont'd)**

As at 22 February 2013, the Company issued debentures 750,000 units of Baht 1,000 per unit, unsubordinated and unsecured, totaling Baht 750 million. The debentures bear interest of 4.70% per annum and will be mature on 22 February 2016. The Company has to maintain financial ratios and other criteria as stipulated in the offering documents.

As at 19 July 2013, the Company issued debentures 700,000 units of Baht 1,000 per unit, unsubordinated and unsecured, totaling Baht 700 million. The debentures bear interest of 4.85% per annum and will be mature on 19 July 2017. The Company has to maintain financial ratios and other criteria as stipulated in the offering documents.

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

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Total borrowings:				
- at fixed rates	1,946,115	1,698,854	1,946,115	1,698,854
- at floating rates	-	163,750	-	22,500
	<u>1,946,115</u>	<u>1,862,604</u>	<u>1,946,115</u>	<u>1,721,354</u>

	Consolidated		Company	
	2013	2012	2013	2012
	%	%	%	%

Weighted average effective interest rates:

All borrowings	4.78	4.92	4.78	4.77
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The carrying amounts and fair values of long-term borrowings as at 31 December are as follows:

	Consolidated			
	Carrying amount		Fair value	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Total borrowings	1,946,115	1,862,604	1,825,582	1,820,595

	Company			
	Carrying amount		Fair value	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Total borrowings	1,946,115	1,721,354	1,825,582	1,683,884

The fair values of bank borrowings and debentures are based on discounted cash flows using a discount rate based upon the borrowing rate which the managements expect would be available to the Group at the financial position date.

Maturity of long-term borrowings:

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Within 1 year	498,439	1,290,104	498,439	1,221,354
Later than 1 year and not later than 2 years	-	572,500	-	500,000
Later than 2 years and not later than 5 years	1,447,676	-	1,447,676	-
	<u>1,946,115</u>	<u>1,862,604</u>	<u>1,946,115</u>	<u>1,721,354</u>

**15 Other current liabilities**

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Accrued expenses	64,521	65,463	33,109	37,055
Accrued property tax	139,441	166,578	78,538	99,742
Retention payable	8,172	8,810	6,068	6,445
Accrued interest expense	14,984	15,294	14,984	15,206
Others	38,972	35,516	29,777	30,750
	<u>266,090</u>	<u>291,661</u>	<u>162,476</u>	<u>189,198</u>

16 Unearned rental and service income

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

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Within 1 year	52,101	57,232	30,916	36,038
Within 2 years and not later than 5 years	130,393	145,553	51,629	66,770
Later than 5 years	339,055	366,529	31,422	39,205
	<u>469,448</u>	<u>512,082</u>	<u>83,051</u>	<u>105,975</u>
	<u>521,549</u>	<u>569,314</u>	<u>113,967</u>	<u>142,013</u>

17 Deferred income taxes

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

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Opening balance of deferred tax liabilities	(609,419)	(631,520)	(327,988)	(330,932)
Charges to income statements (Note 23)	(22,075)	22,101	(15,545)	2,944
Closing balance of deferred tax liabilities	<u>(631,494)</u>	<u>(609,419)</u>	<u>(343,533)</u>	<u>(327,988)</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:

Deferred tax assets	Consolidated			
	Deposit received from customers	Unearned service income	Other	Total
	Baht'000	Baht'000	Baht'000	Baht'000
Opening balance 1 January 2013	14,275	18,191	5,059	37,525
Charges to income statement	(600)	2,096	3,102	4,598
Closing balance 31 December 2013	<u>13,675</u>	<u>20,287</u>	<u>8,161</u>	<u>42,123</u>

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

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

Deferred tax liabilities	Consolidated		
	Profit from finance lease contracts Baht'000	Investment property Baht'000	Total Baht'000
Opening balance 1 January 2013	244,755	402,189	646,944
Charges to income statement	(18,317)	44,990	26,673
Closing balance 31 December 2013	226,438	447,179	673,617

Deferred tax assets	Company			
	Deposit received from customers Baht'000	Unearned service income Baht'000	Other Baht'000	Total Baht'000
Opening balance 1 January 2013	5,521	3,906	5,059	14,486
Charges to income statement	(104)	31	1,700	1,627
Closing balance 31 December 2013	5,417	3,937	6,759	16,113

Deferred tax liabilities	Company		
	Profit from finance lease contracts Baht'000	Investment property Baht'000	Total Baht'000
Opening balance 1 January 2013	68,438	274,036	342,474
Charges to income statement	(3,976)	21,148	17,172
Closing balance 31 December 2013	64,462	295,184	359,646

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 statements of financial position as at 31 December:

	Consolidated		Company	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
Deferred tax assets	42,123	37,525	16,113	14,486
Deferred tax liabilities	(673,617)	(646,944)	(359,646)	(342,474)
Total deferred tax liabilities	(631,494)	(609,419)	(343,533)	(327,988)

**18 Employee benefit obligations**

Movements of the employee benefit obligations during the year are as follows:

	Consolidated and Company	
	2013	2012
	Baht'000	Baht'000
Beginning balance	23,884	19,958
Current service cost	3,531	3,194
Interest cost	917	732
Closing balance	28,332	23,884

The amounts recognised in the income statements are as follows:

	Consolidated and Company	
	2013	2012
	Baht'000	Baht'000
Current service cost	3,531	3,194
Interest cost	917	732
Total	4,448	3,926

The principal actuarial assumptions used are as follows:

	Consolidated and Company	
	2013	2012
Discount rates	3.84%	3.84%
Future salary increase rates	6%	6%
Retirement age	60 years old	60 years old
Pre-retirement mortality rate	100% of Thai Mortality Ordinary Table 2008	100% of Thai Mortality Ordinary Table 2008
Disability rate	5% of Thai Mortality Ordinary Table 2008	5% of Thai Mortality Ordinary Table 2008

19 Share capital and share premium

	Ordinary share capital Baht'000	Share premium Baht'000	Total Baht'000
Issue and paid-up share capital			
At 31 December 2011	1,036,226	620,590	1,656,816
Issue of shares	133,637	13,439	147,076
At 31 December 2012	1,169,863	634,029	1,803,892
Issue of shares	146,157	-	146,157
At 31 December 2013	1,316,020	634,029	1,950,049

As at 31 December 2013, total authorised number of the ordinary shares is 1,316,105,475 shares with a par value of Baht 1 per share (2012: 1,169,875,095 shares with a par value of Baht 1 per share). Total issued and paid-up share capital is 1,316,020,126 shares with the paid-up of Baht 1 per share (2012: 1,169,862,645 shares with a paid-up of Baht 1 per share).

**19 Share capital and share premium (Cont'd)****Warrants**

The shareholders approved the issuance of warrants to employees and directors of the Group on 17 January 2007 and 13 June 2007, totalling 15,000,000 units with the exercise period of 5 years. The conversion right is 1 warrant unit per 1 ordinary share at the exercise price of Baht 6.94.

At the Board of Directors meeting held on 7 May 2009, the Board of Directors approved to change the conversion right from 1 warrant unit per 1 ordinary share to 1 warrant unit per 1.48344 ordinary shares and adjust the exercise price from Baht 6.94 to Baht 4.678.

During 2012, the warrants of 2,113,941 units were exercised. As at 31 December 2012, the expired warrants and unexercised warrants are 1,636,213 units.

20 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.

21 Expenses by nature

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

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Depreciation on building and equipment (Note 12)	8,398	11,366	5,229	7,195
Staff costs	99,634	97,777	99,634	97,777

22 Financial costs

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Interest expenses				
- Debentures	94,548	80,821	94,548	80,821
- Long-term borrowings bank	5,748	19,600	3,458	7,077
- Bank overdrafts	128	154	128	153
- Debenture issuance cost	1,782	1,533	1,782	1,533
- Loan from related parties	-	-	1,266	443
- Others	950	21	950	21
Total financial costs	103,156	102,129	102,132	90,048

**23 Income tax**

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

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Current tax charge	62,159	64,215	23,694	28,658
Deferred tax:				
Origination and reversal of temporary differences	22,075	26,837	15,545	42,860
Impact of change in tax rate	-	(48,938)	-	(45,804)
Total deferred tax (Note 17)	22,075	(22,101)	15,545	(2,944)
Total income tax expenses	84,234	42,114	39,239	25,714

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

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Profit before income tax	627,602	1,447,035	216,375	298,809
Tax calculated at a tax rate of 20% (2012: 23%) for the Company and 15% to 20% (2012: 15% to 23%) for subsidiaries	125,616	316,233	43,275	68,726
Tax effect of:				
Income not subject to tax	(58,315)	(232,516)	(8,820)	-
Expenses not deductible for tax purpose	16,933	7,335	4,784	2,792
Remeasurement of deferred tax - change in tax rate	-	(48,938)	-	(45,804)
Tax charge	84,234	42,114	39,239	25,714

On 21 December 2011, the Royal Decree was published a reduction in corporation tax rate from 30% to 23% for accounting period beginning on or after 1 January 2012 and 20% for two accounting periods beginning on or after 1 January 2013. The relevant deferred tax balances have been remeasured. As at 31 December 2012, deferred tax expected to reverse in the year, has been measured using the effective rate.



24 Earnings per share

Basic earnings per share is calculated by dividing the 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 19) for subscription of ordinary shares.

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.

During 2013, the Company issued a stock dividend totalling 146,157,481 shares. The Company adjusted the number of ordinary shares outstanding before the event for the proportionate change in the number of ordinary shares outstanding as if the event had accrued at the beginning of the earliest period presented. The weighted average number of ordinary shares used in computing earnings per share for fiscal year 2012 has been changed as follows:

	2012	2012
	Number of share	Number of share
	As restated	As previously reported
Basic earnings per share		
Weighted average number of ordinary shares	1,315,628,610	1,169,471,129
Diluted earnings per share		
Weighted average number of ordinary shares	1,315,628,610	1,169,471,129

	Consolidated		Company	
	2013	2012	2013	2012
Profit attributable to equity holders of the parent (Baht'000)	511,863	1,400,912	177,136	273,095
Weighted average number of paid-up ordinary shares in issue ('000 shares)	1,316,020	1,315,629	1,316,020	1,315,629
Basic earnings per share (Baht)	0.39	1.06	0.13	0.21
Effect of dilutive potential ordinary shares ('000 shares)	-	-	-	-
Weighted average number of ordinary shares for diluted earnings per share ('000 shares)	1,316,020	1,315,629	1,316,020	1,315,629
Diluted earnings per share (Baht)	0.39	1.06	0.13	0.21

25 Dividends

At the Annual General Shareholders Meeting held on 27 March 2013, the shareholders approved a stock dividend to shareholders at the ratio of 8 existing shares to 1 new share and cash dividend payment amounting to Baht 0.01389 per share in respect of 2012 operating results totalling 146,157,481 shares and Baht 16.24 million, respectively. The dividends were paid to the shareholders on 23 April 2013.

At the Annual General Shareholders Meeting held on 22 March 2012, the shareholders approved a stock dividend to shareholders at the ratio of 8 existing shares to 1 new share and cash dividend payment amounting to Baht 0.01389 per share in respect of 2011 operating results totalling 129,982,560 shares and Baht 14.44 million, respectively. The dividends were paid to the shareholders on 20 April 2012.



26 Cash flows from operating activities

Reconciliation of profit before income tax to cash flows from operating activities:

	Consolidated		Company	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Profit before income tax	627,602,264	1,447,035,347	216,375,132	298,808,832
Adjustments for:				
Depreciation and amortisation (Notes 10 and 12)	11,411,175	14,288,901	8,242,387	10,116,856
Amortisation of prepaid rent	66,161	66,160	-	-
Interest income	(25,959,904)	(36,925,455)	(39,607,296)	(31,875,437)
Interest expense	103,156,107	102,129,231	102,131,780	90,048,364
Dividend income (Note 9)	-	-	(44,100,000)	-
Amortisation of debenture issuance costs (Note 14)	1,781,912	1,533,287	1,781,912	1,533,287
Realised unearned rental and service income	(47,187,452)	(50,668,381)	(27,496,622)	(30,977,551)
Investment property recognised as cost of finance lease (Note 11)	4,542,683	-	4,542,683	-
Reversal of doubtful debts	-	(1,474,169)	-	(1,474,169)
Provision for employee benefit (Note 18)	4,447,771	3,926,796	4,447,771	3,926,796
Loss (gain) from fair value adjustment on investment property (Note 11)	154,866,993	(13,766,510)	147,444,676	38,380,957
Share profit from joint venture (Note 9)	(291,574,323)	(1,081,263,165)	-	-
Loss on write-off of project under Development (Note 12)	18,500	1,641,674	18,500	1,641,674
Loss from termination of finance lease contract	-	169,596,356	-	-
Changes in operating assets and liabilities:				
- short-term investment	(24,565,631)	30,504,067	(24,565,631)	30,504,067
- trade accounts receivable	(6,909,118)	10,778,202	1,367,520	(360,902)
- finance lease receivable	43,239,025	100,682,565	31,615,157	59,747,938
- amounts due from related parties	(28,473,643)	(68,725,907)	(62,351,306)	(59,023,714)
- other current assets	14,115,601	13,679,370	9,742,425	(13,530,588)
- deposits for leasehold land	396,193	(1,188,246)	396,193	(1,188,246)
- other non-current assets	(681,529)	(6,731,130)	5,141,602	(6,731,796)
- trade accounts payable	639,450	1,531,100	404,015	523,808
- amounts due to related parties	1,547,200	565,000	7,813,011	6,171,756
- other current liabilities	(25,718,746)	(16,824,522)	(28,797,115)	17,761,323
- unearned rental and service income	(576,990)	4,101,128	(550,062)	5,091,837
- deposit received from customers	(26,444,891)	7,297,051	(20,530,828)	1,819,542
- finance lease liabilities on land leases	(205,255,380)	(236,377,732)	(170,586,906)	(179,722,705)
Cash flows from operations	<u>284,483,428</u>	<u>395,411,018</u>	<u>122,878,998</u>	<u>241,191,929</u>



27 Financial risk management

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.

The Group has no significant concentrations of credit risks due to the large number of customer from which the income is charged in cash. The Group has policies in place to ensure that rental and services are made to customers with appropriate credit history. Cash transactions are limited to high credit quality financial institutions.

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) Interest rate risk

The Group's income and operating cash flows are not substantially independent of changes in market interest rates. Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. The borrowings and debentures interest rates of the Group are mainly fixed.

d) Fair values

The carrying amounts of the following significant financial assets and financial liabilities approximate to their fair values: cash and cash equivalent, finance lease receivables, amounts due from related parties, loans to subsidiaries, bank overdrafts and short-term loans from financial institutions, trade accounts payable, other accounts payable since financial instruments are predominantly subject to market interest rate. Information on the fair values of borrowings are included in Note 14.

28 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.

Siam Future Development Public Company Limited is an associate of Major Cineplex Group Public Company Limited which owns 23.72% of the Company's share (31 December 2012: 20.49%). Therefore, all subsidiaries and associates of Major Cineplex Group Public Company Limited are related parties.

**28 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 2013 and 2012 are summarised as follows:

a) Revenues and expense

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
For the years ended 31 December				
Rental and service income				
Group Major Cineplex Group				
Public Company Limited	63,500	61,585	27,974	27,207
Related parties	28,923	24,324	21,164	16,941
	<u>92,423</u>	<u>85,909</u>	<u>49,138</u>	<u>44,148</u>
Management fee income				
Subsidiaries	-	-	56,883	63,006
Joint ventures	7,537	1,182	7,537	1,182
	<u>7,537</u>	<u>1,182</u>	<u>64,420</u>	<u>64,188</u>
Interest income				
Subsidiaries	-	-	21,864	14,537
Major Cineplex Group				
Public Company Limited	478	-	-	-
	<u>478</u>	<u>-</u>	<u>21,864</u>	<u>14,537</u>
Administrative expense				
Major Cineplex Group				
Public Company Limited	8,150	2,047	7,880	1,777
	<u>8,150</u>	<u>2,047</u>	<u>7,880</u>	<u>1,777</u>
Interest expense				
Subsidiaries	-	-	1,266	443
	<u>-</u>	<u>-</u>	<u>1,266</u>	<u>443</u>

Rental and service incomes were carried out on commercial terms and conditions and at market prices which are subject to location, leases pace, leases terms, timing and type of lease. Management fee income and expense were charged at the rates specific on the agreements.

Interest income is charged at the rates between 3.10% to 7.00% per annum (2012: 6.00% to 7.75% per annum).

b) Trade accounts receivable

	Consolidated		Company	
	2013	2012	2013	2012
	Baht'000	Baht'000	Baht'000	Baht'000
Group Major Cineplex Group				
Public Company Limited	736	-	5	-
Related parties	5,134	-	-	-
	<u>5,870</u>	<u>-</u>	<u>5</u>	<u>-</u>



28 Related party transactions (Cont'd)

c) Amounts due from related parties

	Consolidated		Company	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
Major Cineplex Group				
Public Company Limited	1,478	1,000	-	-
Subsidiaries	-	-	232,822	198,467
Joint venture	126,381	98,385	126,381	98,385
	<u>127,859</u>	<u>99,385</u>	<u>359,203</u>	<u>296,852</u>

d) Short-term loans to related parties

Movement of short-term loans to subsidiaries during the years are as follows:

	Company	
	2013 Baht'000	2012 Baht'000
Beginning balance	249,145	249,660
Loans made during the year	150,450	31,585
Loans repayments during the year	(46,700)	(32,100)
Ending balance	<u>352,895</u>	<u>249,145</u>

As at 31 December 2013, short-term loans to subsidiaries represent loans repayable upon demand. The loans bear interest rates between 6.00% to 7.00% per annum (2012: 7.00% to 7.13% per annum).

Movement of short-term loan to a related company during the years are as follows:

	Consolidated	
	2013 Baht'000	2012 Baht'000
Beginning balance	-	-
Loan made during the year	25,000	-
Ending balance	<u>25,000</u>	<u>-</u>

Short-term loan to a related party represented loan to Major Cineplex Group Public Company Limited. The loan carried interest at the rate of 3.10% per annum.

e) Amount due to related parties

	Consolidated		Company	
	2013 Baht'000	2012 Baht'000	2013 Baht'000	2012 Baht'000
Major Cineplex Group Public				
Company Limited	40,005	9,040	14,131	-
Subsidiaries	-	-	12,535	162
Joint venture	1,500	230	1,500	6,068
	<u>41,505</u>	<u>9,270</u>	<u>28,166</u>	<u>6,230</u>

**28 Related party transactions (Cont'd)****f) Short-term loans from subsidiary**

	Company	
	2013	2012
	Baht'000	Baht'000
Subsidiary	93,700	6,200

Movement of short-term loans from subsidiaries during the years are as follows:

	Company	
	2013	2012
	Baht'000	Baht'000
Beginning balance	6,200	6,500
Loan received during the year	104,200	-
Loan repaid during the year	(16,700)	(300)
Ending balance	93,700	6,200

As at 31 December 2013, short-term loans from subsidiary represent unsecured loans, denominated in Thai Baht, and are repayable on demand. The loans bear interest at the rates between 2.44% to 3.10% per annum (2012: 7.00% to 7.25% per annum).

g) Unearned rental and service income

As at 31 December of 2013, the unearned rental and service income of a subsidiary includes unearned income received from Major Cineplex Group Public Company Limited amounting to Baht 106 million (2012: Baht 112 million).

h) Directors and management remuneration

Directors and management remuneration comprises of the total salaries and other benefits, including directors' fee paid to directors and management which included as an expense in the income statements.

**29 Commitments and contingencies****Bank guarantees**

As at 31 December 2013, the Group has outstanding letters of guarantee amounting to Baht 53 million (2012: Baht 268 million) issued by the Group's bankers in respect of normal business operations.

30 Segment information

The Group operates in only one business segment which is the development of shopping centers and lease out space in the centers. Currently, the business is only operated in Thailand. The internal reporting provided to the chief operating decision-maker presented investment property by using cost method whereas financial statements presented at fair value.

	Unit : Baht'000		
	Consolidated		
	Internal reporting	Investment properties adjustment to be fair value	Financial statement
For the year ended 31 December 2013			
Revenues from operation and other income	1,366,333	-	1,366,333
Share profit from joint venture	117,588	173,986	291,574
Total revenues	1,483,921	173,986	1,657,907
Cost of rental and service	943,164	(380,828)	562,336
Cost of finance lease contracts	3,535	1,008	4,543
Loss on fair value adjustment on investment property, net	-	154,867	154,867
Selling and administrative expenses	205,403	-	205,403
Total expenses	1,152,102	(224,953)	927,149
Financial costs	103,156	-	103,156
Income tax expenses	39,244	44,990	84,234
Profit for the year	189,419	353,949	543,368
Owners of the parent	172,960	338,903	511,863
Non-controlling interests	16,459	15,046	31,505
	189,419	353,949	543,368
As at 31 December 2013			
Investment property	-	7,610,586	7,610,586
Building and equipment, net	3,640,664	(3,612,175)	28,489
Total assets	8,400,153	3,602,703	12,002,856
Total liabilities	3,981,788	1,590,711	5,572,499



30 Segment information (Cont'd)

	Unit : Baht'000		
	Consolidated		
	Internal reporting	Investment properties adjustment to be fair value	Financial statement
For the year ended 31 December 2012			
Revenues from operation and other income	1,346,671	-	1,346,671
Loss on fair value adjustment on investment property, net	-	13,766	13,766
Share profit from joint venture	40,314	1,040,949	1,081,263
Total revenues	1,386,985	1,054,715	2,441,700
Cost of rental and service	908,726	(382,868)	525,858
Loss from termination of finance lease contract	169,596	-	169,596
Selling and administrative expenses	197,081	-	197,081
Total expenses	1,275,403	(382,868)	892,535
Financial costs	102,129	-	102,129
Income tax expenses	21,268	20,846	42,114
Profit for the year	(11,815)	1,416,737	1,404,922
Owners of the parent	(25,488)	1,426,400	1,400,912
Non-controlling interests	13,673	(9,663)	4,010
	(11,815)	1,416,737	1,404,922
As at 31 December 2012			
Investment property	-	7,607,225	7,607,225
Building and equipment, net	3,786,367	(3,755,977)	30,390
Total assets	7,146,561	4,283,518	11,430,079
Total liabilities	4,134,482	1,392,365	5,526,847
	Unit : Baht'000		
	Company		
	Internal reporting	Investment properties adjustment to be fair value	Financial statement
For the year ended 31 December 2013			
Revenues from operation and other income	976,064	-	976,064
Total revenues	976,064	-	976,064
Cost of rental and service	584,982	(254,195)	330,787
Cost of finance lease contracts	3,534	1,009	4,543
Loss on fair value adjustment on investment property, net	-	147,445	147,445
Selling and administrative expenses	174,782	-	174,782
Total expenses	763,298	(105,741)	657,557
Financial costs	102,132	-	102,132
Income tax expenses	18,090	21,149	39,239
Profit for the year	92,544	84,592	177,136
As at 31 December 2013			
Investment property	-	4,036,128	4,036,128
Building and equipment, net	1,417,440	(1,405,523)	11,917
Total assets	5,284,016	2,265,736	7,549,752
Total liabilities	3,056,455	1,042,330	4,098,785

**30 Segment information (Cont'd)**

	Unit : Baht'000		
	Company		
	Internal reporting	Investment properties adjustment to be fair value	Financial statement
For the year ended 31 December 2012			
Revenues from operation and other income	907,354	-	907,354
Total revenues	907,354	-	907,354
Cost of rental and service	565,671	(258,493)	307,178
Loss on fair value adjustment on investment property, net	-	38,381	38,381
Selling and administrative expenses	172,938	-	172,938
Total expenses	738,609	(220,112)	518,497
Financial costs	90,048	-	90,048
Income tax expenses	40,326	(14,612)	25,714
Profit for the year	38,371	234,724	273,095
As at 31 December 2012			
Investment property	-	4,089,150	4,089,150
Building and equipment, net	1,508,071	(1,494,859)	13,212
Total assets	4,903,811	2,200,824	7,104,634
Total liabilities	2,892,274	922,228	3,814,562

